



# ***Daily Report***

## **East Asia**

FBIS-EAS-96-001  
Tuesday  
2 January 1996

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# Daily Report

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## Japan

### Commentary Views Timing of Clinton Visit

OW2912011995 Tokyo TOKYO SHIMBUN  
in Japanese 27 Dec 95 Morning Edition p 2

[Commentary by Tadahiko Nasa]

[FBIS Translated Text] Tokyo and Washington agreed 26 December on the timing for U.S. President Bill Clinton's official visit to Japan next April. This decision came at an exceptionally early date — four months prior to the visit — as normally such a decision is reached just a month ahead of time.

Tokyo apparently sought an early decision. With the end of the Cold War, there are strong calls in both Japan and the United States to abolish the Japan-U.S. Security Treaty. To head off such a call, Tokyo had previously planned to issue a joint statement reconfirming the importance of the security pact during Clinton's scheduled visit last November.

However, Clinton canceled that trip, causing a delay in issuing a joint statement and upsetting Tokyo's plans. To prevent the call for abolishing the security pact from gaining momentum, it was necessary for Tokyo to reschedule the President's visit at an early date and to decide on the timing for issuing a joint statement.

While some claimed that Clinton's visit to Tokyo would not take place in 1996, the Foreign Ministry dispatched senior North American Affairs Bureau officials to Washington to reschedule Clinton's Japan visit. Also, Foreign Minister Yohei Kono held telephone talks with U.S. Secretary of State Warren Christopher to discuss the President's trip to Tokyo. In the end, the ministry successfully persuaded Washington to agree to an April visit.

However, there still is a possibility that the April visit could be changed if Russia alters the schedule of a Moscow summit meeting on nuclear safety in late April, because President Clinton plans to attend the meeting. Also, a federal budget problem in the United States, which forced Clinton to cancel his November trip to Japan, has still not been settled. In this context, it is still possible that Clinton's April visit will be changed.

### NFP's Ozawa Cancels Planned U.S. Visit

OW0101135996 Tokyo SANKEI SHIMBUN  
in Japanese 31 Dec 95 Morning Edition p 2

[FBIS Translated Text] On 30 December, Ichiro Ozawa, president of the New Frontier Party [NFP], decided to cancel his planned January visit to the United States. It is observed that he made the decision because he had to prioritize his domestic political schedule which includes

the NFP convention on 18 January and the upcoming ordinary Diet session, among other events.

### Officials Deny Reports on U.S. Base Reduction

OW2912055295 Naha RYUKYU SHIMBUN  
in Japanese 28 Dec 95 Morning Edition p 2

[FBIS Translated Text] YOMIURI SHIMBUN has reported that the Defense Agency [DA] is studying the possibility of reducing the U.S. Marines base at Futenma, Okinawa, by shifting part of its functions to the Kadena Air Base or the Ie Island Auxiliary Airfield. Denying this report, senior officials of the DA and the Defense Facilities Administration Agency [DFAA] stated on 27 December that "it is utterly untrue." Warning about recurring reports since last September on realigning and reducing U.S. military bases on Okinawa, they said: "There are indications that those reports include irresponsible remarks by officials of other departments that are not in charge of this issue, thereby causing confusion."

In denying the report, a senior DFAA official said: "The possibility mentioned in the report — reducing the Futenma base through a partial shift of its functions — is not in fact being studied now." However, he added: "Continuous consultations are now in progress between Japan and the United States on the return of Futenma, now regarded as an important topic, at the Japan-U.S. Special Action Committee and other organs." With regard to this report, he explained: "The plan (for shifting) has also been mentioned in the course of discussions, but it is not true that detailed discussions were held."

In denying the report, a senior DA official stated: "The Futenma base issue is included in the 18 cases for consultations between Japan and the United States. However, consultations have just started, and concrete details are not to be disclosed at this stage."

Since Governor Masahide Ota decided to refuse to sign leases by proxy in September, various plans for realigning or reducing U.S. military bases on Okinawa have been reported as information obtained from either DA or DFAA. On this point, the same senior DA official stated: "Since there are indications that these reports included remarks made by officials who are not originally in charge of this issue, they are not reliable."

Moreover, he said: "A committee has been set up by the government and the Okinawa prefectural government, and working-level meetings have also been held to coordinate on concrete details. If there are any plans for returning the land or reducing bases, they should be worked out at these committee meetings. Any remarks



disclosed by others are not responsible." Thus he indicated displeasure with random dispatch of "reports based on speculations."

#### **Okinawa Issue, U.S. Relations Discussed**

*OW3112132895 Tokyo CHUO KORON in Japanese Jan 96 pp 24-33*

["Summary of a discussion" with Motoo Shiina, member of the House of Councillors, by Hisahiko Okazaki, retired diplomat and former ambassador to Thailand, on Japan-U.S. relations and Okinawa issues: "Okinawa Is a Domestic Issue" — date and place not given]

#### **[FBIS Translated Text] Government's Actions on Okinawa Issues Will Be the Cause of Later Trouble**

[Okazaki] So, President Clinton did not attend the Asia-Pacific Economic Cooperation (APEC) forum meeting, right? For two to three weeks before he decided against attending it there had been reports alleging he said "I do not want to go to Japan." There were three reasons for his not wanting to come to Japan. First, in February 1995, Joseph Nye wrote the so-called Nye report in which he insisted that the Japan-U.S. alliance is most important in U.S. diplomatic policy. Hence, President Clinton considered making his visit to Japan an occasion to laud the Japan-U.S. alliance. Then came the Okinawa incident [the alleged rape of a Japanese schoolgirl by three U.S. soldiers]. Moreover, the Japanese Government's actions in dealing with the incident were inappropriate [ayamatte iru]. Given the situation, newspapers will be more interested in covering and playing up verbal exchanges on the military base reduction issue rather than in reconfirming the importance of the alliance. That was one reason.

Second, at the end of June the Japan-U.S. trade talks came to a tentative compromise and went into a state of truce. Japan's Finance Ministry and the U.S. Treasury Department discussed the problems of strong yen and bad debts, and their relationship advanced to a state that could be called trust-based. Then the Daiwa Bank scandal came into the open and it became awkward to talk about a trust relationship.

Third, there were predictions that the APEC declaration this year would prove to show a retrogression from the declaration in Bogor last year. As such, as far as Clinton was concerned, there was no longer any political reason to attend. A school kid who was bullied by other kids in school did not want to go school one day. Then he found he had a fever of 99 degrees, so he took a sick day. That sort of thing happened to Clinton. The reason for his not attending the meeting, of course, was his sickness. But he would have come despite some fever

if the meeting was one which would gain some points for him.

[Shiina] Do you think Clinton's absence worked as a political loss for Japan?

[Okazaki] I do not know if it was a loss for the Murayama government, but I will say that if things keep going on this way, this government will continue to cause damage to this country called Japan. I saw the reason for having the coalition government up to the point when the Social Democratic Party of Japan [SDPJ] agreed to accept "the retention of the security system and the constitutionality of the Self-Defense Forces [SDF]." But after that, I have seen nothing that is good about it. The government did poorly in dealing with the Hanshin earthquake disaster, and did equally bad with this problem of Okinawa. I think what the government has done will become the cause of trouble in the future. Whereas this is an issue between Okinawa and mainland Japan, the government passed the matter on to the United States.

[Shiina] This is truly a domestic issue.

[Okazaki] To be specific, the government has done two things that will be the cause of future trouble. First, it has changed the way the Status-of-Forces Agreement [SOFA] is applied. Previously, the U.S. forces detained suspects until the time of their indictment. But the government has secured an agreement from the United States "to give favorable consideration to the transferring of suspects even before they are indicted should Japan ask for it." If some incident occurs next time, no doubt, there will be a demonstration in Okinawa, and television commentators will say the suspects involved "should be handed over to Japan without delay." If the government can be firm under that kind of situation and declare "No, we will have the United States handle it," then there will be no problem. But the existing government will not be able to say that. The government has apparently formed a basis upon which negotiations can be held on the transfer of suspects if there is a popular call demanding the "prompt transfer of the suspects."

[Shiina] There is a provision on giving "favorable consideration" in the treaty concluded between Germany and the U.S. forces. Japan says it wants to do the same thing Germany is doing. But the fact is that Germany has not once asked for such "favorable consideration" in the past. That country has exercised its jurisdiction on only about 1 percent of trial cases even though there is supposed to be a larger number of "charges reported" there than in Japan. In other words, Germany's attitude is one based on the thinking that the U.S. forces are there to benefit both countries, so if there are some odd



incidents, it is the local government's responsibility to take care of them.

Above all, the assertion that the SOFA should be changed because there was an incident is illogical. If the United States let criminals flee to the United States or if trials were not conducted fairly, then that could lead to a need for revising the agreement. But not one person has talked about that.

Besides, it would be 10 times more efficient to put the United States in charge of questioning suspects than to have Japan do it in view of the language problem that will arise if the criminals speak only with some heavy local accent, for instance. Therefore, questioning should be put under charge of the U.S. forces as is done in Germany. Demanding the "prompt transfer" of the criminals can be taken as demanding the right for Japanese to pass judgment on them. That sounds like demanding the right to conduct a retaliatory trial. And if we talk about penalties for criminals, actually, much heavier penalties are meted out in the United States than in Japan.

[Shiina] Yes, they are as far as the type of cases we are talking about is concerned.

[Okazaki] For a government timid of newspapers and demonstrators, one thing it could do would be to draw a clear line and declare which things come above that line and so are not acceptable to it and which things come below it and thus are acceptable to it — rather than talk about getting favorable consideration on the transfer of suspects.

The other cause of trouble the government has left for the future is the statement on the "reduction of military bases" it asked to be included in a joint declaration. Of course, the condition is that this will be done only within the limit of not hurting U.S. defense capabilities. But if a statement is written that way, even when some bases get reduced there are bound to be people who will say "that can hardly be called a reduction."

Why has Prime Minister Murayama had to do all this before quitting. (laughter) I wish he had quit without doing these things.

[Shiina] And he is not about to quit yet, right?

[Okazaki] The United States for its part has committed an error [machigatta] in its action this time. Defense Secretary Perry is a very popular person in the U.S. cabinet. But being a very honest person, when he sees problems he tends to move readily toward action, saying "Well, then, let us resolve them." As such, people around him are very uneasy.

Actually, all the things that could be resolved have been resolved. Besides, the other party [the Japanese Government] with which it has to work to solve these problems is not so good [aitega yokunai]. (laughter) If the other party understood the real meaning of the Japan-U.S. alliance and had concerns about improving Japan-U.S. relations in the future, that would be fine. But if that party was a government which said "we support the alliance" on the surface but was actually leading what looks like an anti-base campaign, there would be no way to expect a good result from negotiations. This situation may be said to show the magnanimity [amai tokoro] of the United States — if we forget about the question of whether this is good or bad.

[Shiina] As I said before, the Liberal Democratic Party [LDP] was hiding in a trench, crying "your target is the prime minister, not us" and the party was only interested in debating whether a bullet has hit him or not. As this way of thinking became habitual the party stopped getting out into the open altogether. Then a stray bullet hit the United States. I do not know if it is because he is a good man or not, but, anyway, Mr. Perry gave a response to it.

[Okazaki] The United States has courageous soldiers who try to stop flying bullets with their bodies. (laughter)

[Shiina] It is so unfortunate. I think the present Japanese Government is poorly suited [shitate ga warui]. There is nothing one can do when it is so poorly suited.

[Okazaki] The SDPJ is a party which cannot survive unless it is reformed into a new party sooner or later. The LDP is allowing such a party to handle negotiations on Japan's most important issues so that it will take all the bullets of criticism.

[Shiina] This is not an act of negligence. This is a crime.

[Okazaki] I think the same way.

### **The Japanese Society, Where Matters of "Life and Death" No Longer Exist**

[Shiina] The SDPJ's fuss about forming a new party means that the people there are thinking: "This company will go bankrupt if the present condition continues, so we will form a new company and move into it." It is not clear what kind of business they want to do at the next company. They will change the company's signboard, but they do not know what to do in that company.

[Okazaki] They first sold "antisecurity-pact steamed buns," and then changed their product's brand name to "prosecurity-pact steamed buns." (laughter) But everything in the buns is the same.



[Shiina] Although they only changed their signboard, they called it a historical event. They claim the Murayama government has done many things which the LDP government had not been able to do — for instance, resolving the damage claims issue over the Minamata disease. They also boast that the government started to work on religion-related issues. Of course, the government's expression of "remorse for the past" is something the LDP government had not done.

Some of them talk proudly of such "achievements" and then would add: "There is a mountain of work to be done; hence there is no need to dissolve the Diet." Referring to the passage of budget bills, they would also recall: "The year before last, the year the LDP collapsed, we let the LDP handle the budget bill, but the party claimed political reform issues needed to come first or made other excuses, and the budget bill was not passed until June of that year. But under the coalition government after we took power, the budget for 1995 was passed in time on 22 March. You should remember that." Of course, if we asked for a comment on it from the New Frontier Party [NFP], they would say: "That was possible only because there was such a sound-thinking party as the NFP to support it."

[Okazaki] I did not know the present government had done so many things. (laughter) After all, there is not one government which would not make that kind of claim. Politics means making choices. When a government has to choose from between two alternatives, it has no choice but to pick one. While in power, a party has to make choices that are naturally expected of it.

[Shiina] To be sure, the Minamata disease issue was something the present government resolved, although the LDP had failed. There were many things the LDP government left unresolved, and indeed the present government has taken care of a considerable number of them. But if someone asks me if they were routine things or if they were things that called for forward-looking leadership, I must be stingy in my evaluation. I must point out that the condition of Japan has not improved at all as a result of these actions.

[Okazaki] To compare the matter to business operations, let us say the president of a company has served out his first two-year term. Assessment on whether he has done well should be made by asking if he has opened up great prospects for the company in the future or, at least, if he has successfully prevented major damage to the company by acting with foresight. Let us say he has signed and put his seal on a total of 100 projects, and if only half of them have proved useful to the company, I would not give him a passing grade.

[Shiina] Some in the company could be thinking: "This company is going to disintegrate into a new company soon anyway, so get him to sign and put his seal on papers now." (laughter)

[Okazaki] Some people could even be thinking that this company president will never be reappointed. Since he will be free of responsibilities once he leaves the post, they could be thinking about getting his signature and seal now while he is still here.

[Shiina] This thinking about having the company president put his seal on papers is similar to the LDP's "spirit of hiding in a trench." That party has kept running away from the responsibility of affixing its seal on the papers.

[Okazaki] It is unpleasant to hear that the result of affixing seals as such should have come to be considered as accomplishments.

Previous governments had not made a formal request to the U.S. Government on the issue of reducing military bases on Okinawa. But this government has done that. In other words, the papers which had not been approved so far have come around again, and this time the papers were signed before being returned. But as it happened, as far as these particular papers were concerned, there was tremendous meaning in not signing them. Inasmuch as this was basically an issue between Okinawa and the Japanese mainland, the matter should have been resolved under the Japanese Government's responsibility. It is for this reason that the government has the Okinawa Development Agency, and special assistance is provided to Okinawa. This time Japan forgot about the wisdom of not making such a request to the United States.

[Shiina] Before the government spoke to the United States about the Okinawa issue, it asked the LDP "if it is all right to say this or that," and the LDP answered "it should be all right." That makes me so sad. If that party at that time had made efforts to convince all the people that the Japan-U.S. alliance is important, then this situation would not have happened.

[Okazaki] But that would be impossible under the SDPJ government. This government has never made an effort to formulate and establish a logical reason why a solid Japan-U.S. alliance relationship should be maintained.

[Shiina] Nor has the LDP or the NFP done that. That is why some of their people show emotional reactions sympathizing with demonstrators when that kind of incident happens.

[Okazaki] I see. You mean it is not a question of whether the LDP committed a mistake in naming an SDPJ man as prime minister. You are saying that there is a problem



in the LDP itself and that the party wound up naming an SDPJ man the prime minister because it was in such a hopeless state. Right?

[Shiina] Right, the underpinning of that party becoming hopeless was there. While working with the LDP people, I noticed that there was a growing number of them saying: "The SDPJ is better than we thought."

[Okazaki] The LDP normally did not get serious about anything and did not do anything. If the left-wing people became wild, the party normally let them run wild. But it did clamp down on them when necessary. We saw that from the instances of the party ramming some bills through the Diet — for instance, to get the revised security pact ratified or to get the Japan-ROK rapprochement treaty ratified.

[Shiina] But that is a story of fairly long-gone days.

[Okazaki] No, it is not. Even at the time of the Hosokawa-Hata government in June of last year, I think the government at that time was willing to ram a bill through the Diet in order to deal with contingency situations on the Korean peninsula. Anyway, as I said before, if there are no serious situations, there is no problem. But what worries me most is when serious situations arise. It is doubtful if the present SDPJ government can manage such situations. This became evident at the time of the Hanshin earthquake. The government was slow in acting in the initial stage.

[Shiina] My faith in the thinking that the government will act appropriately if something serious happens has been shaken. It has been some time since we saw the government get tough with the Diet to take action.

[Okazaki] It was about three years ago that the Diet passed a bill on the peacekeeping operations (PKO) — at the session now remembered as the gyuhō [ox-walk] session [the expression coming from opposition parties' tactic to delay the bill's passage].

[Shiina] Even at that time, the government was not so willing in its action as it had been before.

[Okazaki] Prime Minister Miyazawa went along very unwillingly. He went along, pushed by people under him, as there were some people within the LDP who believed the bill needed to be passed even if this meant tough action.

I was the ambassador to Thailand then. Around that time, there was a program calling for world-wide cooperation to fight narcotics. Japan was asked to make a big contribution to it, but Japan was hesitant as it was so scared of organized criminals. Eventually it was decided that the farmers in northern Thailand who were making a living by producing narcotics should

be taught to make living by growing normal farm crops and that Japan should be able to participate in a program to educate these Thai farmers. American and UK agricultural specialists did not hesitate to go into risky areas to do their jobs. But an arrangement was made to assign to Japan the special farms that belonged to the royal household and consequently were well guarded by soldiers. Even when such an arrangement was made, the Japanese Government told me: "Get a letter from the Thai Government assuring that the safety of Japanese farming specialists is guaranteed 100 percent. Otherwise, we cannot send them." There simply cannot be such thing as a 100 percent safety guarantee. Above all, those farms were the safest ones.

Let me say this. Japanese Government officials are great. They thought if they conveyed that request to me, I would become enraged and call Tokyo. They thought that would not help solve the problem. (laughter) So they wrote a long letter explaining in detail how safe these farms are and had that letter signed by an official of the Thai Government. Then they took that letter to Tokyo. They made many trips like that. The Japanese are impressed if someone makes many trips to make his point. Eventually, the government offices gave in, saying: "You have done enough; we will accept it." After clearing everything that way, they came to me, and reported to me about it. (laughter)

When I met Mr. Miyazawa at the time of the Diet's gyuhō session, I told him about this. He said: "We are in the same situation here. If someone says there is even the slightest risk in the safety of soldiers sent to Cambodia on the PKO mission, then the Diet stops deliberating on the bills relating to it." He said the bills never get passed unless the government can declare "there is no risk at all."

[Shiina] If there are some able officials who can negotiate with the other party, that will help, of course. But, still, the other party will think strangely of this because the Japanese officials would come back again and again to explain. Would the other party be thinking "there is no other way but to accept?" I think they will not be able to comprehend the whole thing. We see that kind of situation in the Daiwa Bank scandal as well.

[Okazaki] If a problem arises, the people should realize "this is a grave matter; we must take actions to resolve it," and should start to work on it immediately. But they do not do that.

[Shiina] The Daiwa Bank case does not involve human lives, but still the same thing can be said of it. If the U.S. Government is offended, the officials will make many trips to give their explanation.



[Okazaki] So you think the decadence [preceding word published in English] of the LDP started during the days of the Miyazawa government or before that.

[Shiina] Yes. The party's first task is to decide what part of it should be restructured. But as long as the people of the party think they should do only things which are absolutely safe, their efforts will not be successful.

[Okazaki] I have been told that when elementary schools wanted to teach children how to swim, some mothers demanded the schools "guarantee there will be absolutely no accidents with our children." So the schools give some noncommittal explanations. These mothers stopped making such demands by the second year of instruction. (laughter)

[Shiina] Actually, accidents do occur sometimes. When an accident does occur, someone will say: "This is absolutely an accident; we will prevent the recurrence of such an accident 100 percent." Then the accident is set aside as an exceptional case.

Earlier we talked about matters of life and death. I recall that writer Kenichi Yoshida wrote an essay on "the value of life." During the war, people were told "not to value their own lives," but now they are told "we must value our lives," he noted. When people are told they "must not value their lives," they come to think about the meaning of it, because that is something which goes against their instinct to live. But when people are told they "must value their lives," they do not think anything about it because that is exactly what their instincts tell them to do. According to him, the harmful effects that come from this lack of thinking are enormous.

For instance, there is the expression "freedom of speech." That expression does not say "your lives are guaranteed regardless of what you say." Actually, people can get killed on the grounds that "what you said is bad." The true meaning of freedom of speech is: "You will not be forgiven if someone dies because of what you said." There is no waver from responsibilities. When people are told they "must value their own lives," they believe they "should not say anything because they do not want undesirable situations to arise." Hence, according to him, matters of life and death are the things the people "should say" or "should do" as best as possible — not minding even if what they say or do could affect their lives. According to him, if people stop doing that, that will be a dreadful situation.

Let us talk about the so-called sense of values. Some people assert Japan's sense of values is different from that of America and Europe. Let us say someone stuck a gun at you and said, "How can you say such a stupid thing? You had better take back what you said. I can

shoot you depending on what you say," and you replied, "since I must value my life, I will change what I said." That cannot be called your sense of value. But Japan nowadays has become so weak in that regard.

[Okazaki] Recently, people in Beijing expressed the concern about the possibility of Taiwanese President Li Teng-hui coming to the APEC meeting. When Li Teng-hui wanted to visit the United States earlier this year, Secretary of State Warren Christopher said he would not issue a visa to enable his visit. But in the end, the President had to agree on issuing a visa to him, accepting the U.S. Congress' resolution urging the administration to issue the visa. As such, the Chinese officials were concerned about the possibility of his coming to the meeting. So I replied to them: "You need not be too concerned. The Japanese Diet does not do that sort of thing." To my regret, I could not give them the reason. (laughter) But I did add: "Politicians are only interested in how the newspapers write about them. If all the major newspapers of Japan said together 'Li Teng-hui should be invited,' then the situation could change. But that kind of situation will never happen because if the major newspapers insist Li Teng-hui should be invited, these newspapers will be told to shut down their Beijing bureaus by the PRC authorities. I am not saying — and I will stress that loudly — that Beijing's doing that sort of thing is appropriate, but the fact of the matter is that Beijing has power to do that. So Li Teng-hui will not come. You may rest assured of that."

The "freedom of speech" as thought of by newspapers is far from one based on the thinking of life-or-death matters. They are willing to recant their freedom of speech if faced with the question of whether or not to have their correspondents expelled.

[Shiina] That is really far from thinking as a matter of life or death.

[Okazaki] So we have no criteria in the sense of values any more.

[Shiina] We cannot say "freedom of speech" is guaranteed in this country. There are times when we are warned "you should not say this or that."

[Okazaki] There are also people who restrain their own freedom because of misunderstanding. Even on the incident in Okinawa this time, it is only natural that Okinawans should have a victim complex. We should be sympathetic about this. In Okinawa there are some people who say: "Now the whole nation is burning with anti-U.S. feelings. We must demand the United States agree to revise the SOFA." But actually there are no such anti-U.S. feelings burning in the main island of Japan. The people are acting like fleeing soldiers who



get "scared even by sounds of wind and birds." They are restraining their freedom of speech by themselves.

[Shiina] I agree with your view.

### **Do Not Let Go of the Lifeline of the Japan-U.S. Alliance**

[Okazaki] Seen in the long term, I think Japan-ROK issues will be settled eventually. This matter has much to do with the national emotions of South Koreans. Japan has always been the party which initiated the fire to incite the South Koreans. As a result, now the South Koreans have a fixed public notion about Japan. No doubt, no one will gain from this. After all, the relationship between the two countries should in the end be decided by recognizing what is best for the security and prosperity of these two nations. Even if Korea insisted "that the Japanese cabinet member who said this and that about Korea should be fired" and got its way, that would not have much to do with improving the security and prosperity of the people of the two countries.

I think the pending issues between the two countries will get resolved when these issues have an impact on mutual national interests. Recently there was an incident of a newspaper reporting something that was supposed to be off-the-record information, and this was reported in newspapers in Korea. That is a favorite trick used by Japan to incite the Koreans. First of all, those who practice such trick in Japan need to go away. After that, if Korea demands that a Japanese "minister be fired," all the newspapers of Japan should rise up and say that is "an interference in domestic affairs." Then, since there is nothing to gain from angering Japan, the ROK will come to pay more attention to the matters of security and prosperity for their people. In other words, a solution will come when change comes in public opinion and the journalistic attitude of Japan. It will take about 10 years for that to happen. No government leader would do anything which will hurt the security and prosperity of his own people. He will not allow excessive national emotions to hurt the security of his country.

[Shiina] There are currently some people who complain about Japan-ROK issues, but no one thinks, "If they hit us, we should hit them back." That is fine, I think. But there are also some people who say "Japan should get angry."

[Okazaki] That is funny. Humans do not get angry just because they want to be angry.

[Shiina] I think we should leave in an ambiguous state those things which need to be ambiguous. We need to have enough stamina [preceding word published in English] to not get tired even after doing that.

The other day, in an interview with a newspaper, I was asked "Which one do you think Japan should pick, America or Asia?" I said: "Pick both of them." Then the interviewer asked me: "What should we do about the issue of joining the East Asia Economic Council (EAEC)?" I told him, "We can dawdle over the matter, delaying making a decision." (laughter)

[Okazaki] You are right. To talk about the EAEC, there is no serious issue in terms of national interests about when Japan joins it.

[Shiina] I tend to consider it as a sort of hobby [shumi]. Speaking of hobbies, it is in vogue these days to use the expression: "The 21st century is about to begin; Japan should have a vision." I do not think we should put too much emphasis on that expression either.

[Okazaki] I think it is for future generations to decide what kind of nation they should have. What the people of our generation can do is maintain the security and prosperity of the nation, and then hand the country over to the next generation, saying "Now you can make your choices."

[Shiina] Under the present political situation, it is so easy to say we should have new ideas. Some people think they have to say something about having new ideas because everybody else appears to be talking about them. I think that is rather dangerous.

[Okazaki] Rather than calling it dangerous, I will say there is the possibility of mixing up important matters with small matters. There is also the possibility of failing to distinguish immediate issues from future issues.

The Japan-U.S. alliance is the lifeline of Japan. Japan must take care not to let go of it no matter how tough it is to hang on [ikura furi mawasaretemo furi tobasare naiyo]. As long as Japan can hang on to it, the Japanese can live in security and stability through the generations of our children and grandchildren. If good education comes on top of it and thus the people can live with the preconception that "our life is stable," intellectual standards will naturally rise and there will be a new culture born.

[Shiina] A recent survey on the life of the people indicated that more than 80 percent of the people said they are "satisfied with their present life."

[Okazaki] To speak of our generation, when we were young we were worried because we were not sure if we would be able to earn enough money for bread after graduating from school. We wanted to land steady and reliable jobs in order to please our parents. Young people were too scared to go into the fields of academics or



fine arts. But in the generations ahead, the young people with good academic standing can go into academics and those with artistic talent can go into the fine arts. They can make their living at these. That time is coming, I think. Let me repeat this. The premise for this is that Japan does not let go of its alliance with the United States. What perturbs me is the fact that some people are trying to shake up that alliance, thinking nothing of it.

#### **Murayama To Address Kuril Dispute With Yeltsin**

*OW3012043095 Tokyo KYODO in English  
0344 GMT 30 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 30 KYODO — Prime Minister Tomiichi Murayama will try to break a deadlock with Russia over four Russian-held islands off northern Japan during his trip to Moscow in April, government sources said Saturday [30 December].

Murayama is expected to meet Russian President Boris Yeltsin when he visits Moscow to attend a summit April 19-20 of seven major economic powers plus Russia on nuclear power safety.

Murayama will attempt to press Yeltsin in reaffirming a 1993 "Tokyo declaration" that calls for an early solution to the territorial row based on "principles of law and justice."

Yeltsin said at his 1993 meeting in Tokyo with then Prime Minister Morihiro Hosokawa that Russia would withdraw its troops from the disputed islands with the exception of border guards.

The dispute over sovereignty of the four islands — Shikotan, Kunashiri, Etorofu and the Habomai group of islets, all off Japan's northernmost main island of Hokkaido — has been the principal stumbling block to the two countries signing a bilateral peace treaty.

Japan has long demanded the return of the islands, which were captured by Soviet troops at the end of World War II.

In a statement in March this year, a Russian Foreign Ministry spokesman said Russia was not obliged to pull out its troops from the islands despite Yeltsin's statement.

Before Murayama goes to Moscow, Foreign Minister Yohei Kono will visit Russia to discuss bilateral issues, including the establishment of a Japan-Russia governmental committee on trade and economic issues, in an effort to help build mutual confidence, the sources said.

In elections this month for Russia's lower house of parliament, or the State Duma, the Communist Party

captured more than one-third of the seats, becoming the largest parliamentary force.

Given the Communist Party's opposition to any territorial concession to Japan, Yeltsin is not expected to concede much ahead of a presidential election scheduled in June, the sources said.

Japan has so far pursued the policy of trying to improve bilateral ties on both political and economic fronts, helping Russia's reforms to create a market-oriented economy.

But some in the Japanese Government say that while economic and trade relations have expanded, the territorial issue has been left unsolved.

The Liberal Democratic Party (LDP), the dominant partner in Murayama's tripartite coalition government, has demanded the two countries hold a meeting between top defense officials to discuss security in northeast Asia.

Some LDP members say that if Moscow understands that the disputed islands have little value in terms of security in the region, the islands might be returned to Japan at an early time.

But a Foreign Ministry source has voiced concern over starting defense talks, saying such talks could leave the territorial row in the backstage and delay the process to resolve it.

Russia's INTERFAX News Agency reported last week that the Foreign Intelligence Service continues to view Japan as an "opponent" due to Tokyo's claim to the Russian-held islands.

"We are being guided by state interests. The term 'enemy' may be applied to any potential threat, regardless of its source," INTERFAX quoted Grigoriy Rapota [name as received], a deputy director of the service, as saying.

The territorial wrangling has overshadowed efforts to resolve other bilateral issues.

In August, Japan and Russia failed to reach an agreement at a Tokyo meeting on ways to secure the safety of Japanese fishing vessels operating in waters off the disputed islands, adjourning without setting a date for the next meeting.

The talks began after a series of incidents in which Russian patrol boats fired at Japanese fishing vessels in waters near the islands, injuring some seriously.



# **Malaysian Freighter Sinks, Sailors Rescued**

OW3012123595 Tokyo KYODO in English  
1223 GMT 30 Dec 95

[FBIS Transcribed Text] Yokohama, Dec. 30 KYODO — A Malaysian lumber carrier under tow to the eastern Japanese port of Tateyama after springing a leak sank south of Tokyo on Saturday [30 December], maritime officials reported.

A crew of 21 aboard the ship had earlier been rescued. The officials said the ill-fated 5,106-ton Yayasan Enan went down around 5:50 P.M. [0850 GMT], about 15 kilometers north of Izu-Oshima Island, south of Tokyo. Some 7,600 tons of timber aboard the ship were thrown overboard and the Maritime Safety Agency warned ships nearby to watch out for the floating cargo, they said.

The ship began taking in water after developing engine trouble Wednesday and was being towed to Tateyama port in Chiba Prefecture, the officials said.

# **Tokyo, Beijing Agree To Hold Security Talks**

OW3112092495 Tokyo YOMIURI SHIMBUN  
in Japanese 30 Dec 95 Morning Edition p 2

[FBIS Translated Text] On 29 December, Japan and China agreed to hold security talks between diplomatic and defense authorities in Beijing in mid-January. At the 1993 Japan-China foreign ministerial meeting, Japan proposed holding talks to deepen mutual understanding regarding security matters. This was the start of the Japan-China security talks. Diplomatic and defense talks were held separately in 1993 and 1994, but diplomatic and defense authorities attended joint security talks in Tokyo in January, 1995.

Defense Bureau Chief Masahiro Akita of the Defense Agency [DA], and Asian Affairs Bureau Chief Ryozi Kato of the Ministry of Foreign Affairs [MOFA] are scheduled to attend the talks in Beijing. Currently, coordination is underway on selection of the Chinese representatives. These will be the first security talks attended by bureau chief-level officials of both MOFA and the DA. Japanese delegates will leave for Beijing on 14 January.

At the talks, MOFA plans to ask China once again to stop nuclear testing.

Regarding the recently approved new defense outline, the DA will explain the principle that Japan will try to make its military force compact while following, in principle, a "fundamental defense concept" designed to maintain the minimum defense power Japan needs as an independent nation, while observing military reduction

and the military situation in some of its neighboring countries. Moreover, the DA will ask for Chinese support for the measures to foster trust in the Asia-Pacific region. The DA will also exchange opinions on the situation in surrounding countries, including the DPRK whose recent military movements have attracted the world's attention.

# **Professor Discusses DPRK's Famine, Harvest**

OW3112022595 Tokyo KYODO in English  
0209 GMT 31 Dec 95

[FBIS Transcribed Text] Narita, Japan, Dec. 31 KYODO — This fall's grain harvest in North Korea, which is already suffering from a severe food shortage, was only half of last year, says a Japanese university professor just returned from North Korea.

Yashiko Yoshida of Saitama University told reporters Saturday [30 December], "The situation is rather severe and with the harsh winter coming, it will not be strange if a number of people starve to death."

"I am convinced that international aid will be needed for the next two years," said Yoshida, returning late Saturday from North Korea where he had accompanied a shipment of eggs and apples for North Korean children.

In Pyongyang, Yoshida met an official in charge of agricultural production for the state's agricultural commission. Yoshida quoted the official, Yim Chang-tok, as saying that while North Korean farmers harvested 7.08 million tons of grain in 1994, they were to reap only 3.49 million tons of rice, wheat, corn and other grains this year.

Yim explained that much of North Korea's farmland was devastated by torrential rains that flooded the countryside in July and August, followed by a cool September and the onset of pests and blights, Yoshida said.

Yim also told Yoshida that North Korea is hoping for more aid from Japan and the rest of the world.

On Thursday, Yoshida visited North Hwanghae Province some 150 kilometers south of Pyongyang to survey some of the area affected by the floods and to distribute food to the children.

Yoshida accompanied a shipment of some 10,000 eggs and 25,000 apples shipped to North Korea by a volunteer group.

Apples were later substituted for bananas since they would keep better en route to the country.



The Rome-based World Food Program has pleaded for \$8.8 million in emergency food aid for the North Koreans, but pledges from the international community have reached only \$500,000.

The UN organization borrowed \$2 million in emergency funds to send 5,000 tons of rice at the end of November, which can feed about 500,000 people for only about a month.

#### **Hayashi Lists 1995's Diplomatic Achievements**

*OW3112091395 Tokyo YOMIURI SHIMBUN in Japanese 29 Dec 95 Morning Edition p 2*

[Report on interview with Sadayuki Hayashi, administrative vice minister of foreign affairs, by YOMIURI SHIMBUN reporter on 28 December; place not given]

[FBIS Translated Text] Sadayuki Hayashi, administrative vice minister of foreign affairs, granted an interview to YOMIURI SHIMBUN on 28 December. Concerning the resumption of nuclear tests this year by France and China in defiance of protests of Japan and other countries, Hayashi said: "We failed to persuade them to end their nuclear testing, however, they had to shorten their initial plans." He added: "Efforts by Japan and other countries were effective." In this way, he stressed the achievements of diplomatic efforts.

Beijing is expected to resume nuclear tests as early as next spring. Concerning this, Hayashi said: "The government should deal with this situation under the basic idea that yen loans to China will bring returns to Japan," indicating that the government will not take other measures to protest China's nuclear tests than the ongoing suspension of grants-in-aid.

The Foreign Ministry came under criticism because of its unchanged lukewarm attitude toward revising the Japan-U.S. Status of Forces Agreement (SOFA). The revision of the accord has been called for since a rape of a local schoolgirl by U.S. servicemen in Okinawa. Hayashi argued: "I doubt if we could have obtained the recent tangible results if we had demanded the revision of the pact when the United States was reluctant to revise it." He noted that the Foreign Ministry achieved tangible results, such as "handing over to Japanese authorities of U.S. servicemen suspected of committing crimes in Japan before they are indicted," by improving the implementation of SOFA, not by revising it. He stressed that the ministry's decision not to revise SOFA was right.

Hayashi was cautious about Japan extending a third batch of rice aid to the DPRK (North Korea) to alleviate the food shortage there. He said: "We used rice imported as an emergency measure for the previous aid to the

DPRK, but we ran out of rice. Also, there is no request from the United Nations to extend additional aid."

#### **Shinozawa Vows To Tighten Surveillance System**

*OW2812092995 Tokyo KYODO in English 0902 GMT 28 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 28 KYODO — Vice Finance Minister Kyosuke Shinozawa said Thursday [28 December] the ministry will proceed with a proposed reform of its inspection and surveillance system in a bid to prevent illicit financial operations like the Daiwa Bank scandal.

"The Daiwa Bank case taught the ministry a lesson and it will do its utmost to flesh out measures proposed to make its banking policy more transparent," Shinozawa said at a press conference.

His comment came after a former manager of the New York branch of Daiwa Bank was indicted by a federal grand jury Wednesday on charges of conspiring to conceal huge bond trading losses from U.S. regulators.

The ministry's response to the scandal drew strong criticism at home and abroad over its obscurity.

It only reported the incident to the U.S. banking authorities some six weeks after Daiwa Bank notified the ministry of the losses at the New York branch.

While declining to comment on the indictment of the former Daiwa Bank manager, Shinozawa said the ministry will make clear the relations between its banking administration and inspection activities, in line with reform measures announced by Finance Minister Masayoshi Takemura.

Takemura announced on a set of measures on Tuesday to strengthen the ministry's inspection and surveillance system, calling for a shift in its banking policy to one based on market principles from the current system of so-called "administrative guidance," which has been criticized for its lack of transparency.

#### **'Sources' Outline Jusen's Final Bailout Scheme**

*OW3012100295 Tokyo KYODO in English 0947 GMT 30 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 30 KYODO — Japan's banking regulators have mapped out the outline of a scheme for disposing of losses that could remain at a factoring vehicle to be created to take over the debts of seven ailing housing loan companies [jusen], government sources said Saturday [30 December].

The government adopted a liquidation plan Dec. 19 for the debt-ridden housing loan firms, calling for



transferring debts held by the seven housing loan companies to the factoring vehicle.

The plan focused on write-offs of debts whose repayment is identified as being impossible, and it remained undecided how to deal with losses that could emerge in the process of loan collection by the vehicle.

The sources said the outline worked out by the Ministry of Finance (MOF) and the Bank of Japan calls for using a private sector-proposed scheme to cover the so-called secondary losses.

It is highly likely that at least 1.2 trillion yen of the 6.7 trillion yen in loans to be transferred to the vehicle will become irrecoverable, they said.

The private-sector proposal says nationwide banks should donate a total of 1.1 trillion yen to create a special fund in Deposit Insurance Corp.

The ministry and the central bank are seeking to combine the money with 2.3 trillion yen from agricultural financial institutions to invest in government bonds to earn fund resources for covering secondary losses, the sources said.

The 2.3 trillion yen from agricultural institutions were originally planned to be lent to help the factoring vehicle take over the debts from the housing loan companies.

At the beginning of next year, the ministry is expected to present the final form of the disposal scheme for the secondary losses to banks that founded the housing loan companies and seek necessary bills to the ordinary Diet session scheduled to start in late January.

The combined outstanding balance of debts owed by the seven housing loan companies currently stands at about 13.1 trillion yen.

The plan adopted by the government on Dec. 19 calls for the disposal of 6.4 trillion yen of the total debts by such measures as write-offs by creditor banks and the use of taxpayers' money.

The remaining 6.7 trillion yen will be bought by the factoring vehicle. The 6.7 trillion yen loans are categorized into three groups — 1.2 trillion yen in almost irrecoverable loans, 2.0 trillion yen in loans with difficulties in recovery; and 3.5 trillion yen in normal loans.

If secondary losses swell to levels that cannot be covered by the special fund, taxpayers' money should be injected, the government's plan says.

#### **LDP's Kato, SDPJ's Kubo on Jusen Crisis**

*OW3012100495 Tokyo KYODO in English*  
*0905 GMT 30 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 30 KYODO — A senior leader of the ruling coalition partner Liberal Democratic Party (LDP) on Saturday [30 December] blamed the governments of former Prime Ministers Tsutomu Hata and Morihiro Hosokawa for the crisis facing mortgage companies [jusen].

Koichi Kato, secretary general of the main force in the tripartite ruling coalition, made the criticism in a TV ASAHI program.

He said the governments of the two former prime ministers must be held partly responsible for the scandal.

Kato predicted that Finance Minister Masayoshi Takemura will be grilled on the affair in the next regular session of the Diet, opening in late January, but the basic stances of both the ruling and opposition parties do not differ widely.

Takemura should decide whether or not to resign his post after providing full information on the crisis to the public, Kato added.

Takashi Yonezawa, the newly appointed secretary general of the opposition Shinshinto, said he will seek Takemura's resignation in the Diet session.

Wataru Kubo, secretary general of the ruling coalition partner Social Democratic Party, appeared in the same TV ASAHI program and suggested that the dissolution of the Diet and subsequent general elections will take place after next summer at the earliest.

Kubo said the ruling parties have to show a clear-cut stance on the issue involving the presence of U.S. military bases in Okinawa Prefecture and this is closely linked to an April visit to Japan by U.S. President Bill Clinton.

#### **Keidanren To Begin Breakfast With Politicians**

*OW2812102595 Tokyo KYODO in English*  
*1007 GMT 28 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 28 KYODO — The Federation of Economic Organizations (Keidanren) will hold weekly breakfast meetings with politicians from January in a bid to revive the big-business group's influence over the nation's policy-making process, Keidanren officials said Thursday [28 December].

Keidanren's political influence has been diminishing in the wake of a 1994 decision to stop acting as an intermediary in soliciting political donations to



the Liberal Democratic Party (LDP) from member companies, the officials said.

Keidanren Chairman Shoichiro Toyoda, concurrently chairman of Toyota Motor Corp., proposed holding such breakfast meetings to strengthen communications with politicians, the officials said.

The group will invite politicians from such parties as the LDP and Shinshinto (New Frontier Party) to such meetings, they said.

Keidanren is considering the creation of a mechanism under which corporate executives would funnel political donations to political parties or politicians rather than having companies channel such donations, Keidanren sources said.

The most powerful business lobby is moving to start such contacts with politicians partly because the election of Ichiro Ozawa as the president of the largest opposition party Shinshinto may lead to triggering a large-scale reconfiguration of the political community, the officials said.

Ozawa would become premier if his party wins a majority in the House of Representatives in the next general election expected sometime next year.

The breakfast meetings will be attended by Toyoda and Keidanren's several vice chairmen, they said.

Keidanren wants to talk with politicians on a range of topics, including economic policies and the removal of government restrictions on certain business activities, as well as political subjects, they said.

#### **Industry Discloses Donations to Ruling Parties**

*OW2912080795 Tokyo KYODO in English  
0657 GMT 29 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 29 KYODO — The Petroleum Association of Japan disclosed Friday [29 December] it has made political donations to two conservative parties in the ruling coalition in response to their requests.

The Association of Oil Producers and Distributors said 60 million yen went to the Liberal Democratic Party, the main force in the tripartite ruling coalition, and 3.5 million yen to new party Sakigake [Harbinger], the coalition's smallest party.

Last year, the association donated 50 million yen to the LDP. It increased its donation in order to strengthen its ties with the party in response to a request by the powerful Federation of Economic Organizations (Keidanren), association officials said.

Keidanren asked member organizations and corporations to contribute funds to help the LDP repay 10 billion yen borrowed from commercial banks to finance its campaign for the general election in July 1993.

#### **Editorial on Draft Budget, Need for Reforms**

*OW2912021495 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 26 Dec 95 Morning Edition p 2*

[Editorial: "Government's Draft Budget Ignores Structural Reform"]

[FBIS Translated Text] A draft budget for FY96 was adopted at a cabinet meeting on 25 December. The government notes that in drafting the budget it gave consideration to the financial reconstruction to tide over the declared "financial crisis," the economic recovery, and the structural reform of the economy. However, there is almost no change in the allocation of funds for public works projects to ministries and agencies, though the funds have been increased to boost the economy. As such, the draft budget ignores "structural reform."

The FY96 budget should support the government's just started new economic plan entitled, "Economic and Social Plans for Structural Reform" (effective from FY95 until FY2000). As its title indicates, the plan notes that from now on the fundamental purpose of government policies should be "structural reform," and that "the government needs to address the reform immediately." Nonetheless, in the budget plan we do not sense the government's strong will to promote structural reform.

What the Japanese economy is facing now is not a mere cyclical business adjustment, but the adjustment of the entire economic system. As the government's economic plan points out, globalization and great competition (megacompetition) have progressed in the international community, while Japan is heading for a low birthrate and aging society and witnessing the advancement of telecommunications and diversification of values at home. The Japanese economy is now at a "multi-layered turning point [jusoteki tenkan-ten]." Changing various Japanese systems that helped boost the economic development has now been called for.

In other words, the structural reform of the Japanese economy and society has been urged. Japan will not thrive in the 21st century unless it promotes structural reform.

We expect that the government will achieve structural reform by revising the allocation of resources. Despite an increase in national debt-servicing costs, general operating expenditures, which are used to cover government policy measures, total more than 4 trillion yen.



This allotment should be very effective in promoting structural reform if it is used properly.

Nevertheless, the allocation of funds for public works projects has not been changed much. True, expenditures for the promotion of science and technology have increased; however, there is no denying that the change is not enough.

In November, the Finance Ministry declared that the nation now faced a "financial crisis." To make up for a revenue shortage, the FY96 budget plan calls for issuing a great amount of deficit-covering bonds. Yet, a plunge in tax revenues, which is the main cause of the revenue shortage, stems from the prolonged recession. The economy itself is at a crisis. The revenue shortage is the outcome, not the cause, of the economic crisis.

The draft FY96 budget discloses the amount of the so-called hidden debts [national debts to be carried over to later fiscal years], stressing that the nation is in a critical financial situation. However, these debts are the consequence of the Finance Ministry's attempt to avoid issuing deficit-financing bonds, at least under initial budgets. The government cannot escape the criticism that its disclosure of the amount of the hidden debts at this time is aimed at stressing that the nation is in a financial crisis and creating favorable conditions for tax hikes.

Ironically, the most notable and controversial matter about the FY96 budget plan is the infusion of public funds to help cover losses stemming from the liquidation of failed housing loan companies, a measure that pushes up the FY96 spending further.

If the government asserts that Japan is facing a financial crisis, it should sternly implement administrative reform measures, such as cutting personnel expenses for public servants. It should squarely face the difficulties of private companies struggling to survive the prolonged economic adjustment. And if it asserts that the nation is in a financial crisis, it should clarify what it intends to do to tide over the crisis. Japan will face a more serious crisis unless the government becomes flexible in compiling a budget.

#### **Murayama's New Year Address Reported**

*OW0101100896 Tokyo NHK General Television Network in Japanese 2345 GMT 31 Dec 95*

[Prime Minister Tomiichi Murayama's address at the start of the New Year news conference held at the Prime Minister's Official Residence; date not given; recorded]

[FBIS Translated Excerpt] [passage omitted on review of events of the past year] The 50th year following the end of the last war has just ended and we are now

standing at the starting point of the next 50 years. I feel that the task assigned to me is to open up good prospects for the future on the basis of the many lessons we learned, and many self-examinations we conducted throughout last year.

First of all, with our people's understanding and cooperation, I would like to have the whole nation join in tackling the problem of structural reform, and in creating an economic society which is filled with freedom and vitality. In this connection, as an issue requiring immediate attention, I will do my utmost to achieve the recovery of the economy. Moreover, it has become necessary to take drastic measures to correct the economic structure that is high in cost when compared with various foreign countries by thoroughly promoting deregulation, and by bringing the principle of market competition into full play.

It has become necessary to take drastic measures to create conditions under which unique and attractive services and businesses can be developed, and new jobs and new life for the young can be created in a dynamic way. In particular, I feel that it is important to respect the positive spirit of starting new businesses while not fearing to take risks, and to create a structure under which new businesses can be recompensed. To expand such an economic frontier, what is most important is to have creative and talented personnel, and also have them develop their marvelous capabilities. We should not fail to make efforts to gain new wisdom so that we can anticipate the coming age. For this purpose, I intend to find out how education should be conducted, and how society should be developed so that the individual personality of each of you can be brought into full play.

Moreover, the Basic Law on Science and Technology, a pending issue for many years, was approved at the recent Diet session. Science and technology, which can turn our dreams into reality, are the major driving force in opening up a new age. I feel that now is the time to promote creative research and development projects and improve intellectual resources in a bold and planned way. This is a major precondition for promoting efforts to develop information-oriented life and industry, and to build the so-called information network society.

Because of the bad loan issue, the prospects for our economy have become ambiguous. The settlement of the Jusen [home mortgage companies] issue can no longer be put off, and it was extremely difficult for me to make the decision. It was a measure that had to be taken when viewed from the standpoint of stabilizing our financial system, of securing trust both at home and abroad, of protecting depositors' interests, and of ensuring full-fledged recovery of the economy. I would like to ask



our people to understand this point by all means. I would like to clarify all the details about this issue, and disclose to our people wherein the responsibility lies. Simultaneously, a liquidation organ will be set up and every possible measure taken to effect fiscal recovery in an effective way.

The next issue of concern is that recently there seems to be a downward trend in safety and security in which our country has long taken great pride. It goes without saying that the basic responsibility of politics is to protect our people's lives and property. First of all, the foundation of a society in which people can live with peace of mind is to build a country or a town which is quite capable of handling disasters.

In particular, learning a precious lesson from the earthquake that took place in the Hanshin area and on Awaji Island last year, we have done our utmost to improve the system that will enable us to quickly collect and distribute correct information — not to mention to prevent disasters, and to promptly deal with emergency situations. In order that the precious sacrifices were not for nothing, we will further continue to improve our system of crisis management and to strengthen our counterdisaster measures.

Moreover, in dealing with a series of atrocious crimes committed by followers of Aum Shinrikyo and others, as well as hijackings and kidnappings, we immediately took legal and other necessary measures. We are resolutely determined to do our utmost to prevent recurrences of such crimes. I am sure many of our people have been grieved at the reports of bullying in schools. There have been consecutive gloomy reports on bullying and indiscriminate terrorist acts. This fact may indicate that while Japanese society has become affluent in a material way, people must be starting to forget something important.

It seems that chances for humanistic contacts at schools, homes, and work sites have decreased; people have failed to open up their hearts to others; and people have become unable to understand others' feelings or pain. Moreover, due to the adverse influence of an educational system that attaches importance to the so-called deviation value [hensa-chi], chances have conspicuously decreased for students to come into contact with the arts or nature, and it seems to have become difficult to develop receptive minds among students, and students have become unable to understand the preciousness of life.

Under the circumstances in which our country is rapidly becoming an aging society, it has become necessary for us to seriously deal with these problems connected with the mind so as to build a society in which we may feel happy to have lived a long life. For this purpose,

there are some tasks which cannot be neglected such as improvement of living conditions under which people can live comfortably, and improvement of the welfare and nursing systems. We would also like to deal with reform in education as an important task. At the same time, there is no denying that it is essential that day-by-day efforts must be made in each household and in society. Only by accumulating such efforts will we be able to build an affluent society in which people can live with peace of mind.

Thirdly, it has become increasingly important for us to pay attention to global issues. Nowadays, we cannot think of peace and prosperity in our own country without paying attention to peace and prosperity in our neighboring countries, and also in the world at large. As a member of the global community, we are strongly requested to work together and share pains with the people of other countries at various levels, including individuals, enterprises, and nations.

As a result of success at the recent Osaka forum, the Asia-Pacific Economic Cooperation member countries have finally entered the stage of taking concrete actions toward liberalization of trade and investment. In addition, rapid economic growth has been noted in various areas, including the Asia-Pacific region, and — coupled with an increase in the population — there will be a rapid increase in the demand for food and energy. It is feared that this will impose a serious burden on the global environment. This is the top priority task at the global level that we have to take the lead in tackling for the sake of the international community. At the APEC Osaka forum, I made a proposal for tackling it at the international level, and many countries have agreed to it.

Moreover, efforts are now being made to seek a new international order following the end of the Cold War. There still exist various factors that may cause insecurity such as conflicts in national interests, not to mention conflicts in the political and economic interests, and differences in race, religion and culture. In preparing to greet the next century, I feel that we must seriously deal with various issues so as to ensure the peace and security of our country, and also to maintain a peaceful life for our people.

When this issue is taken into consideration, I feel that under the current situation, it is indispensable to maintain the Japan-U.S. security arrangement. However, to promote the smooth and effective implementation of this arrangement, it will be necessary to obtain the most extensive understanding and cooperation of our people. In particular, the Okinawan residents have been asked to bear serious hardships and heavy burdens before the



war, during the war, and even after the war. While taking the feelings of the Okinawan residents into full consideration, I am determined to settle those issues connected with the military bases on Okinawa in all sincerity. When President Clinton visits Japan in April, I would like to hold cordial talks with him on these issues.

Another important task connected with security is the disarmament issue. As far as our country is concerned, we would like to promote nuclear disarmament and nonproliferation of nuclear arms in a steady and realistic way, aimed particularly at building a nuclear-free world. As part of these efforts, we will continue to strongly demand suspension of nuclear tests. Therefore, we would like to do our best so that the treaty on abolishing nuclear tests will be concluded within this year.

In greeting the New Year, I have just now frankly stated my feelings. I hope that the new year, 1996, will be turned into the new year of challenges in building up the cornerstone of the 21st century, and also in opening up good prospects for the future. I am fully convinced that we will not be able to regain our people's trust in politics until we resolutely challenge various difficult tasks through leadership, and pursue politics with responsibility. Moreover, we understand that our people have leveled severe criticism against the administration. Therefore, while conducting self-reform with sincerity, I feel that it will be indispensable to promote decentralization of administrative power and to ensure freedom of information for our people.

As you know, it is said that despair can never catch up with hope. While overcoming difficulties in the so-called fin-de-siecle of unrest and stagnation, let us move ahead with hope and vigor so as to regain peace of mind and security of person, and restore our self-confidence, and trust in us. By stating my hope that the new year will be a better year full of happiness for you, I would like to conclude my New Year greetings.

Thank you very much.

#### **Murayama's New Year News Conference**

OW0101165396 Tokyo NHK General Television  
Network in Japanese 0002 GMT 1 Jan 96

[Question-and-answer session by Prime Minister Tomiichi Murayama at the Prime Minister's Official Residence in Tokyo — recorded; date not given]

[FBIS Translated Text] [Dean of the Press Corps] As dean of the press corps, I would like to ask five questions. First, I would like to ask you about the political situation. The New Frontier Party [NFP] has indicated an attitude of strengthening confrontation with

the government at the ordinary Diet session. It is expected that various incidents and changes, including dissolution of the House of Representatives, will take place in the political situation this year. What is your outlook on the future political situation?

[Murayama] As I just said in my New Year's address, the government has to tackle many tasks, such as economic recovery, the employment issue, how to drastically promote the restructuring of the Japanese economy, and how to develop new industrial fields for the upcoming new era. At the same time, the government has to come up with how Japan will play an international role in this internationalized society to prepare for the 21st century. Thus, the government has very many tasks. What is most important is to solidify the foundation of the three-party coalition administration and to tackle those tasks to live up to public expectations. Given the situation, the outlook for the political situation, particularly a dissolution of the lower house, is not on my mind. As an ordinary Diet session is to start soon, the government needs to try to have the Diet approve the draft FY1996 budget as soon as possible. I intend to take measures [word indistinct] that can meet public expectations.

[Dean of the Press Corps] Attention is being focused on your idea of seeking a new party comprised of various political forces, including the Social Democratic Party of Japan [SDPJ]. What is your outlook on the formation of a new party?

[Murayama] The SDPJ is scheduled to hold a party convention on 19 January. The convention is designed to form a new party that can break away from old traditions, survive in the new age, and live up to the people's trust and expectations. After the SDPJ reforms itself, the party intends to make efforts to seek a gathering of political forces that can assume the helm of state affairs. I believe what is most important is to set great value on peace and democracy. At the same time, by putting ourselves in the place of the weak, we need to create a society in which the weak [and the strong] can coexist. Considering the future of Japan, I believe it is necessary more than anything else to form a new political gathering based on international, universal [fuhenteki] ideas. To that end, the reformed SDPJ intends to make efforts to be a part of the new political gathering. I hope to create such a party.

[Dean of the Press Corps] The prime minister has always emphasized that the cabinet deems it its duty to achieve economic recovery. However, the truth of the matter is that the actual unemployment rate is the worst ever, and it has been dramatically pointed out that it is hard to think of the economic restructuring and



deregulation which you just mentioned in your address. What sort of economic pump-priming measures do you intend to take in concrete terms this year?

[Murayama] I believe the government enforced continuous economic measures last year. The government decided on the emergency yen-curbing package in April, the largest-ever economic pump-priming measures in September amid the financial crisis of monetary relaxation [kinyu kanwa kiki], the new economic program in December, and concrete measures to liquidate the issue of housing loan companies [jusen] in December. Recently, there has been a slight sign of improvement in individual consumption and the private sector's plant and equipment investment. There is a trend toward a normal reversal of foreign exchange market movements. At the same time, the stock market is also recovering. I think the economy as a whole has begun to show bright signs. The government decided to continue tax reductions in the FY96 budget despite severe fiscal conditions under which the government has to issue special government bonds. At the same time, we gave special consideration to the allocation of public works spending by allocating more spending to necessary projects. In particular, we allocated funds to projects for promoting advanced science technology, programs for care of the aged people, welfare programs, and plans for the handicapped in the original budget for FY96. We have to continue to enforce possible economic measures through such efforts. At the same time, in terms of policies, as I just said, we have to positively promote deregulation and liberalization. We have to continue to actively tackle these tasks. I believe the economy will recover this year through such efforts by enforcing these policies.

[Dean of the Press Corps] Next, I would like to ask about the jusen issue. I think, at the upcoming ordinary Diet session, the government is supposed to openly discuss the responsibilities of political and administrative authorities, as well as those of the management of the jusen companies, and the secondary losses from the jusen liquidation expected in the future. Could you tell us how the government will deal with those tasks?

[Murayama] Please let me refer to one point. Interest rates remained at the ever-lowest levels throughout last year, and this must have been really painful for people who live on their savings after retirement. I understand the public's frustration with and anger at the public support for the jusen companies when I put myself in the shoes of individual taxpayers, because they are going to help those who played thoughtless money games during the bubble economy boom.

Taking these into account, I think the public would have shown deeper understanding if we had announced the

public assistance to the jusen companies as an inevitable decision after fully clarifying how the jusen companies created such huge amounts of bad loans, and who is responsible for the problem. However, such time-consuming procedures would worsen the damage to the Japanese financial system.

In a way, the financial system is the artery of the economy, and we have to restore international confidence in the Japanese financial system. Above all, the problem has great influence on the nation's future economic trends, and we must settle the problem without delay. Those are the reasons we had to make the latest decision; however, I think the government must positively obtain the public's understanding and cooperation by clarifying every detail of the problem.

[Dean of the Press Corps] It has been announced that U.S. President Bill Clinton will visit Japan on 16 April, his visit having been postponed once. A joint statement on Japan-U.S. security ties and Okinawa's problem with U.S. military bases are expected to become major topics at the summit talks. Could you describe how you will deal with these pending issues?

[Murayama] President Clinton's April visit to Japan has been officially set. We would like to review the achievements of Japan-U.S. relations so far, particularly focusing on bilateral cooperation in political, security, economic, and global affairs. Then, I would like to frankly discuss measures for creating stronger cooperative relations between the two nations for the future.

The Japan-U.S. security ties are a political foundation for wide-ranging relations between the two nations, and we need to carry out frank discussions on that basis. At the same time, we should reconfirm with each other the fact that the bilateral security ties also play an important role in the entire Asia-Pacific region.

Regarding the base issue on Okinawa, we have to have sincere understanding of the sentiments of the Okinawan people. I think we have to positively discuss realignment and reduction of the bases.

[Dean of the Press Corps] Now, individual news agencies will pose some questions.

[Unidentified Reporter] Mr. Prime Minister, you have just mentioned your diplomatic schedule for April. Of course, you are going to attend the Group-of-Seven summit in Lyon, right?

[Murayama] I think I will, because those are all on the officially fixed diplomatic schedule.

[Unidentified Reporter] Mr. Prime Minister, I would like to ask about crisis management. From the Hanshin-Awaji earthquake, which was said to be a man-made



calamity, to questions on the information disclosure system after the accident of Monju fast breeder reactor, the nation's crisis management has been the focus of public questions throughout 1995. Based on your experience in the last year, how will you deal with crisis management this year? Also, in your opinion, what is the most important factor in crisis management?

[Murayama] In response to a hijacking incident last year, all ministries concerned swiftly and unitedly took action under the leadership of the Prime Minister's Office, and I think this was because we learned lessons from the Hanshin-Awaji earthquake. The most important factor is to swiftly obtain accurate information. On that basis, ministries should unitedly and systematically fulfill their duties. To reach the objective, the Prime Minister's Office should take the initiative in building up a system to effectively control all government agencies. Crisis management is for coping with emergency situations. I think the government should discuss mechanisms to take immediate responses to emergency situations. We have already revised the Disaster Readiness Law and various disaster prevention plans. We are trying our best to build up a fail-proof crisis management system under the existing legal and administrative systems, and, in the fiscal 1996 budget plan, we would like to propose reinforcement of the functions of the Prime Minister's Office.

[Unidentified reporter] Mr. Prime Minister, you have plans to attend the nuclear summit in Moscow in April. As Japanese-Russian relations have recently become stagnant, I would like to ask you, first of all, whether you will be taking this opportunity to meet with Russian President Boris Yeltsin then, and if so, how do you intend to further bilateral relations? I would also like to know whether you plan to send Foreign Minister Yohei Kono to Moscow prior to this.

[Murayama] I plan to send Foreign Minister Kono to Moscow in advance to lay the ground work for the bilateral summit. If you look at Japanese-Russian relations, there are some major problems, particularly centered around the territorial dispute. I plan to hold candid discussions with President Yeltsin on such problems. At the same time, since Russia is currently undergoing economic reform, I plan to talk frankly with the president about what Japan can do to help with this. I feel it will be necessary to hold frank talks towards hopefully settling the territorial issue, while proceeding with efforts to establish bilateral friendship and cooperative ties.

[Unidentified reporter] Mr. Prime Minister, the draft budget for FY1996 designates issuing a record amount of national bonds. I feel that fiscal reconstruction,

together with tax reform, will become major issues this year. How do you intend to tackle these issues?

[Murayama] Regarding tax reform, we intend to make revisions to land-related taxation and the securities transaction tax, among other taxes, in this year's budget. By next September, we intend to come up with conclusions on administrative reform and the fiscal outlook. We will actively tackle these issues, and in the process I think we will have to determine what must be done to reconstruct the nation's finances which are in a severe state with the issuance of over 220 trillion yen worth of deficit-covering bonds. I feel it will be necessary to determine how to secure sufficient revenue to stabilize the nation's finances and at the same time to drastically review government spending and actively tackle administrative reform and other tasks.

[Unidentified reporter] Mr. Prime Minister, I feel that the jusen issue will become a big issue, at least during the early part of this year. Do you think this issue will have any impact on debates over the consumption tax?

[Murayama] I think there is no direct relationship between the jusen issue and the consumption tax issue.

[Unidentified reporter] My question is in connection with the jusen issue. During its meetings last year, the budget committee took up the issue of who should be held responsible and the responsibility of individual debtors saddled with bad loans. While this is bound to become the paramount focal issue at the next Diet session, when and how do you intend to proceed with disclosing such information — as the next ordinary Diet session will begin in late January — to gain the people's understanding?

[Murayama] I feel that the Diet, for its part, will discuss the issue in budget committee meetings and other meetings, and the issue may be thoroughly clarified by setting up a special committee, if necessary. Not only is it natural to actively provide cooperation toward Diet deliberations, but the government itself has to take the initiative to settle this issue by taking concrete steps. And in the process, it is thus natural to clarify the whole picture. Public money is to be funneled into settling the issue; it means the people will be asked to shoulder the burden. Therefore, it is natural to let the people know all the details about the issue and clarify wherein the responsibility lies. I thus feel that positive efforts should be made to clarify all the details.

[Unidentified reporter] This is in reference to the jusen issue. How do you feel about the responsibility of the Social Democratic Party of Japan, which was previously an opposition party, and the responsibilities of former finance ministers?



[Murayama] Both the ruling and opposition parties are responsible for national policies. In that sense, I feel the political circle as a whole should feel responsible for the issue. In particular, I feel it is necessary to make clear what those who are in charge of administration have been doing. I think this has to be clarified because in the course of settling the issue, it may become necessary to reflect upon those points for which we need to do some soul searching.

[Unidentified reporter] Mr. Prime Minister, you have been saying that you wish to strengthen the foundation of the current ruling coalition alliance. Ichiro Ozawa has become president of the opposition New Frontier Party. He is advocating radical economic policies, among other policies. It is therefore natural that some of these may conflict with the policies of the Murayama administration. What is your outlook on the political situation this year in the course of the struggle between the ruling and opposition parties?

[Murayama] I do not think there will be such a major, direct impact on the political situation. Having the NFP clarify its policies and the differences between its policies and the government's policies, and conducting debates over this in the Diet will be beneficial and important to working out national policies. Therefore, in this regard, I feel it will be necessary for the ruling parties as well as the government to make positive responses. Looking back at the past year and a half, the three parties making up the ruling coalition alliance have conducted heated debates over various issues. These debates have revealed differences in policies advocated by each party, and good personal relationships have been built in the course of striving to arrive at mutual agreement in these debates. I feel that the fruits of such efforts have resulted in further strengthening the foundation of the coalition alliance.

[Unidentified reporter] Mr. Prime Minister, you made reference to political leadership at the beginning of your speech. There seems to be severe criticism by the people that you have not been exercising leadership. How do you feel about this?

[Murayama] I have always said that cabinet ministers are doing what they are supposed to do in the areas of their jurisdiction with full responsibility. Regarding issues that need to be decided by the cabinet as a whole, we arrive at an agreement by having debates actively conducted by the three parties and within the government, as well. I feel such a democratic process is important. If no agreement can be reached despite this democratic process, it is natural for the prime minister as the supreme leader to make a decision. I have managed the government with this idea in mind. I believe that I

have thus squarely made decisions on issues when I had to and dealt with them in this way.

[Dean of press corps] Each news agency may ask one more question.

[Unidentified reporter] Mr. Prime Minister, this is my last question. Looking at various news agencies' public polls, the support rate for the cabinet is not very good. In other words, the results of many of these polls indicate that the nonsupport rate is higher than the support rate. How do you feel about this?

[Murayama] Reflecting on the past year and a half during which I have been in charge of the government, I feel the greatest problem lies in the people being unable to see clearly what the government is doing. Therefore, further efforts should be made to improve the situation, such as by creating more opportunities for us to talk directly to the people. I feel it is necessary to make further efforts to make it easier for the people to know and understand what is really going on within the government. However, it is not as simple as that. Although some bright signs are noted regarding the economic situation, what I heard when I took a walk around downtown stores during the year's end were, as expected, critical remarks about how business is bad and that there are fewer customers. In that sense, I feel the people expect the government to do a better job, and this is indicated in the results of the polls. I have genuinely done some soul searching in this regard and feel that I must listen to the people and fully respond to their needs.

[Unidentified reporter] Mr. Prime Minister, this is the last question. Mr. Ozawa has become the new NFP president. He has been frequently criticized as being highhanded. Coming directly to the point, do you think it will be easy to get along with him or will he be a formidable adversary?

[Murayama] I cannot make any predictions now, nor do I think I have to. So far, I am not really acquainted with him very well. I merely know him through what has been written by the media, so I do not know about him very well. Nevertheless, what I have noticed through the recent NFP presidential election is that he seems to have come up with clear policies. Therefore, as I mentioned earlier, I feel we can clarify policy differences and hold active debates, and I would like to look forward to that.

[Dean of press corps] Mr. Prime Minister, thank you very much.

[Murayama] Thank you. Please continue your favors toward me.



**Murayama's New Year News Conference Viewed**

*OW3112143995 Naha OKINAWA TIMES in Japanese*  
*1 Jan 96 Morning Edition p 1*

[Report on Prime Minister Tomiichi Murayama's New Year news conference at the Prime Minister's Official Residence; date not given]

[FBIS Translated Text] At the start of the New Year, Prime Minister Tomiichi Murayama held a news conference at the Prime Minister's Official Residence. Touching on the summit talks of the industrialized countries (Lyon Summit) scheduled for late June, Murayama said: "Since it is included in my diplomatic schedule, I think I will attend it," thereby indicating his intention to continue running the administration even after the approval of the draft budget bill. Thus, he denied once again the possibility of dissolving the House of Representatives and holding a general election.

Citing the settlement of the issue on home mortgage companies (Jusen), promotion of economic stimulus measures, and reduction of the U.S. military bases on Okinawa as future tasks, Murayama indicated his intention to make efforts to settle these issues. Touching on his talks with Russian President Boris Yeltsin scheduled for April, Murayama said: "Talks will be held towards hopefully settling the northern territories issue."

With regard to the settlement of the Jusen issue, Murayama stated: "Positive efforts will be made to make clear all the details about the issue at the Diet session, and clarify wherein the responsibility lies." Thus, he once again asked the people for their understanding of the decision to appropriate a financial fund amounting to 685 billion yen. At the same time, the prime minister pointed out: "The major responsibility goes to the political circle as a whole. In particular, it will be necessary to make clear what those who are in charge of administration (responsible persons) have been doing." In this way, he indicated his understanding that it will be indispensable to clarify the responsibilities that should be taken by successive finance ministers and others.

Concerning the Japan-U.S. summit talks scheduled for April when U.S. President Bill Clinton visits Japan, he stated that on the precondition of maintaining the security arrangements, "he would like to have frank talks in preparation for greeting the new era," and also indicated his intention to positively deal with the issue of reduction of U.S. military bases.

**Murayama Vows To Promote Economic Recovery**

*OW0101023196 Tokyo KYODO in English*  
*0221 GMT 1 Jan 95*

[FBIS Transcribed Text] Tokyo, Jan. 1 KYODO — Prime Minister Tomiichi Murayama pledged Monday [1 January] to do his utmost in 1996 for the recovery of the Japanese economy by promoting deregulation and helping develop new businesses to create new jobs.

"By promoting structural reform, deregulation and liberalization, the outlook for the economy will be bright this year," Murayama said in his new year's day press conference.

A recovery is already on the horizon, he said, promising to continue implementing pump-priming measures.

Murayama recalled various unhappy incidents in 1995 such as the Jan. 17 great Hanshin earthquake that killed more than 6,300 people, the March 20 poison gas attack on the Tokyo subway which killed 11 people, and the Dec. 8 accident at the fast-breeder reactor Monju.

He also listed among such incidents the Sept. 4 rape of an Okinawa schoolgirl for which three U.S. servicemen are on trial, and reiterated he would "firmly maintain" the Japan-U.S. Security Treaty despite the case but promised efforts to respond to Okinawa people's wishes to cut the number of U.S. bases there.

"I hope to candidly discuss the issue, too, when U.S. President Bill Clinton comes to Japan in April," he said.

He said, "the security setup is the basis of Japan-U.S. relations."

Murayama also vowed to implement all possible measures to collect the bad loans of seven moribund housing loan companies. His government is under fire for its plan to use 685 billion yen in taxpayers' money to help liquidate the companies.

He said he understood taxpayers' anger at the liquidation scheme but said the government had to draft the plan before the situation grew worse.

The three ruling parties — Murayama's Social Democratic Party (SDP), the Liberal Democratic Party and New Party Sakigake [Harbinger] — should strengthen the foundation of their coalition government, he said.

The fiscal 1996 budget should pass the Diet as soon as possible to help economic recovery, he said. The 150-day regular Diet session is expected to convene Jan. 22.

Murayama also said his SDP will reform itself in line with the changes of the times and gather pacifist and democratic political forces to form a new party that can play a role in government.



**Report on Murayama's Probable Resignation****"Will Hand Over Power" to Hashimoto**

OW3112031295 Tokyo KYODO in English  
0247 GMT 31 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 31 KYODO — Prime Minister Tomiichi Murayama will hand over power as early as April to International Trade and Industry Minister Ryutaro Hashimoto, head of the Liberal Democratic Party (LDP), the dominant force in the ruling coalition, a national daily reported Sunday [31 December].

The heads of the three coalition parties — Murayama of the Social Democratic Party (SDP), Hashimoto of the LDP and Finance Minister Masayoshi Takemura of New Party Sakigake [Harbinger] — agreed that Murayama will make way for Hashimoto as early as April, the YOMIURI SHIMBUN said quoting government and coalition sources.

Murayama is expected to step down after the Diet passes the fiscal 1996 state budget, and probably following U.S. President Bill Clinton's rescheduled visit April 16 and Murayama's trip to Russia to attend a nuclear power safety conference, the daily said.

The three coalition leaders also agreed to a grace period of at least three months after the power transfer for the SDP and Sakigake to prepare for the next general elections after the House of Representatives is dissolved, the YOMIURI said.

They also saw eye to eye on campaign cooperation in the next general elections and on maintaining the current coalition framework regardless of election results, the paper said.

The agreement was forged after Murayama held separate talks with Hashimoto and Takemura after the Asia-Pacific Economic Cooperation forum meeting in Osaka in November, and subsequent negotiations among the three parties, it said.

After Hashimoto became LDP president in September, succeeding Yohei Kono, currently foreign minister, Murayama wanted to transfer power to Hashimoto and had considered doing so after the APEC summit, said the sources quoted by the YOMIURI.

But the opportunity was botched when Clinton canceled plans to attend the APEC summit and hold talks with Murayama on bilateral security.

The SDP and Sakigake, which were ill-prepared for the general elections, also opposed the power transfer at that time, the YOMIURI said.

But the three leaders reached agreement this time because the LDP moved to respect views by the SDP and Sakigake on the timing of the next general elections, which could come sometime in 1996.

The three parties formed the current coalition in June last year.

**'Transfer of Power' Said Agreed**

OW3112123295 Tokyo YOMIURI SHIMBUN  
in Japanese 31 Dec 95 Morning Edition p 1

[FBIS Translated Text] On 30 December, Prime Minister Tomiichi Murayama (chairman of the Social Democratic Party of Japan [SDPJ]), Ryutaro Hashimoto, deputy prime minister and minister of international trade and industry (president of the Liberal Democratic Party [LDP]), and Finance Minister Masayoshi Takemura (representative of New Party Sakigake [Harbinger]) reached an accord on the following basic strategy to deal with the political situation: 1) Prime Minister Murayama will resign from his post and hand over power to MITI Minister Hashimoto following the adoption of the 1996 budget in April next year; 2) the House of Representatives will be dissolved under the Hashimoto cabinet and there should be a grace period of at least three months after the power transfer for the SDPJ and Sakigake to prepare for the next general election, and the final decision should be made on the basis of a consensus among the three parties; 3) during the election campaign for the House of Representatives, cooperation will be promoted among the two parties or the three parties; and 4) the current coalition framework will be maintained regardless of the election results. Party executives at the general secretary level have been informed of the general framework of this accord. Meanwhile, Shinshinto [New Frontier Party, NFP] will be ready to strictly call on the government and ruling parties to take responsibility for the settlement of the home mortgage companies (Jusen), and force the government to dissolve the House of Representatives immediately following the approval of the budget bill. In this connection, the controversy between the ruling and opposition parties over the management of the political situation will intensify considerably early in the New Year.

The accord on the basic strategy on the political situation reached among the heads of the three ruling parties was forged in stages after Murayama held separate talks with Hashimoto and Takemura following the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November, and subsequent consultations among the three party heads. The general secretaries of the three parties have basically agreed to this accord.



Since Hashimoto became LDP president in September, there have been growing expectations for the LDP, and immediately following the APEC forum, Prime Minister Murayama has been considering the timing for the power transfer. However, U.S. President Bill Clinton failed to visit Japan for the APEC forum, and a joint statement on the Japan-U.S. security arrangement has not been issued. This is the most important diplomatic issue pending between the two countries this year. Moreover, strong opposition has been voiced within the SDPJ and Sakigake which have fallen behind in their preparations for the upcoming election. They maintain that "unconditional transfer of power may result in an early dissolution of the House of Representatives." Therefore, the three parties failed to reach an accord.

This time the LDP has decided to accept the condition that in deciding on the timing for the dissolution, "the intention of the SDPJ and Sakigake has to be respected." Thus, the heads of these two parties have decided to cooperate in the "transfer of the power."

As for the timing of the power transfer, it will most likely be next April when the budget for the next fiscal year will be approved. Since President Clinton is scheduled to visit Japan on 16 April, and the prime minister is scheduled to visit Russia for the summit talks on nuclear power safety on 19 April, it is most likely that the power transfer will be carried out in late April. However, the final decision will be made through coordination among the three parties following the approval of the budget bill. As for the timing for dissolving the House of Representatives, both the SDPJ and Sakigake have strongly demanded that "following the power transfer, it will be necessary to have at least three months to prepare for the election." Since the LDP has agreed to this demand, it is most likely that the House of Representatives will be dissolved next July at the earliest.

The heads of the three ruling parties have agreed to this plan for managing the political situation on the basis of the judgment that "to tide over difficulties at the ordinary Diet session and hold out against the NFP in the next election for the House of Representatives, what will be most indispensable is strengthened unity among the three ruling parties," (as stated by a senior LDP executive). To bring this accord on the strategy in managing the political situation to fruition, the three ruling parties recently decided on unprecedented campaign cooperation among them — the LDP, the SDPJ, and Sakigake.

At the same time, prior to arriving at this accord among the three party heads, the LDP held consultations on party management among its leaders, including Presi-

dent Hashimoto and General Secretary Koichi Kato. At this meeting, the participants confirmed the basic principle that "even if the LDP should win the majority in the election for the House of Representatives, the framework of the current coalition must be maintained because the LDP's seats at the House of Councillors have dropped far below the majority." The LDP has also informed the other two parties of this basic policy.

#### **Murayama Denies Report**

*OW0101133796 Tokyo YOMIURI SHIMBUN  
in Japanese 1 Jan 96 Morning Edition p 1*

[FBIS Translated Text] On 31 December, Prime Minister Tomiichi Murayama denied a YOMIURI SHIMBUN report that he is going to step down after the enactment of the fiscal 1996 budget and abdicate power to Ryutaro Hashimoto, deputy prime minister and international trade and industry minister (and concurrently president of the Liberal Democratic Party).

Murayama told to reporters at the Prime Minister's Official Residence: "No, no. I do not have such a plan."

#### **Ozawa Formally Named Shinshinto President**

*OW2812032395 Tokyo KYODO in English  
0222 GMT 28 Dec 95*

[FBIS Transcribed Text] Tokyo, Dec. 28 KYODO — Ichiro Ozawa was formally named president of the main opposition Shinshinto (New Frontier Party) at a meeting of party Diet members Thursday [28 December].

The 53-year-old Ozawa, previously the party's secretary general, will serve a two-year term, replacing outgoing Shinshinto President Toshiki Kaifu, who did not seek reelection.

The appointment of Ozawa as the No. 1 man in the party came the day after Ozawa won the party presidential race, beating his sole rival, former Prime Minister Tsutomu Hata, by an overwhelming margin.

Under party rules, Ozawa can choose the party's No. 2 man or secretary general and Diet members Takashi Yonezawa and Kozo Watanabe are among the most likely candidates, Shinshinto sources said. The new secretary general is expected to be announced later in the day.

Ozawa met with Hata at a Tokyo hotel Wednesday night and they agreed to cooperate to unite the party so as to win the next general election, according to Shinshinto officials.



**Ex-Premiers To Accept Jobs**

OW2812134395 Tokyo KYODO in English  
1314 GMT 28 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 28 KYODO — Ichiro Ozawa, the newly elected president of the main opposition party Shinshinto (New Frontier Party), said Thursday [28 December] he has secured commitments from three former prime ministers within Shinshinto to accept senior party posts and support the party in the next election.

After successive talks with Tsutomu Hata, who lost the party's presidential election to Ozawa, Toshiki Kaifu and Morihiro Hosokawa, Ozawa said, "I obtained agreements from the three" to assuming "significant party posts."

Ozawa, who was formally named president of Shinshinto at a meeting of party Diet members earlier Thursday, underlined his readiness to launch an all-out fight against the coalition government of Prime Minister Tomiichi Murayama.

The hard-line new opposition leader also made no secret of his intention of resorting to every possible means to force Murayama to dissolve the House of Representatives for a snap general election.

The 53-year-old Ozawa, previously the party's secretary general, will serve a two-year term, replacing outgoing Shinshinto President Kaifu, who did not seek reelection.

Following the inauguration, Ozawa immediately started forming the new party leadership, with the primary aim of restoring party unity ahead of the next election.

Ozawa told a press conference that he plans to create a new advisory panel for the party chief to incorporate the views of the three former prime ministers.

Their presence in party machinery will help consolidate a united front, he said.

He also said at the press conference that Shinshinto has an important "mission" in the face of many problems confronting Japan both at home and abroad.

"I am not necessarily very confident that I can fulfill this responsibility as party head, but I will do my best," he said.

He called the Murayama government "irresponsible" for adopting a controversial plan to use 685 billion yen of taxpayers' money to liquidate seven moribund housing loan companies and reiterated his intention of forcing him into an early election.

Hardly had Ozawa begun attempting to heal the party rift when rival Hata apparently moved to keep his distance from the chief.

Hata's supporters set up a preparation committee for a new policy study group, which a close Hata aide said is aimed at helping young members to win elections but which could become a faction-like grouping.

The group will seek to make Shinshinto "a fair and open party" by incorporating opinions from rank-and-file members and discussing Ozawa's policy proposals, according to the supporters.

They said the study group will be established before a regular Diet session starts in January.

Meanwhile, Ozawa made the round of greetings with the leaders of other parties.

At the headquarters of the Liberal Democratic Party (LDP), to which Ozawa once belonged, President Ryutaro Hashimoto, trade minister, greeted Ozawa by saying, "welcome back and congratulations."

"It is really a long time (since I left the party)," Ozawa said, adding he felt as if he had come home.

When Ozawa asked for Hashimoto's "guidance," the LDP head said, "we both bear responsibility for the Japanese people and for the world. Let's put our shoulders to the wheels."

Prime Minister Tomiichi Murayama, who heads the Social Democratic Party, congratulated Ozawa on his "overwhelming victory."

At the headquarters of new party Sakigake [Harbinger] headed by Finance Minister Masayoshi Takemura, Acting Party Chief Shusei Tanaka courted Ozawa, saying the two parties may strike an alliance on some important issues.

Ozawa responded by saying, "I have no intention of engaging in mere Diet maneuverings. We can work together on some high-level problems."

**Names Yonezawa, Key Posts**

OW2912135795 Tokyo KYODO in English  
1327 GMT 29 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 29 KYODO — Ichiro Ozawa, newly-elected president of the main opposition Shinshinto (New Frontier Party), on Friday [29 December] named Takashi Yonezawa as the party's secretary general and gave senior party posts to two aides of his rival Tsutomu Hata, party officials said.



In forming the new party leadership, Ozawa apparently placed priority on healing the wounds left by the bitter battle with Hata in the presidential election.

Yonezawa was previously chairman of the now-defunct Democratic Socialist Party, one of nine parties and groups that merged to form Shinshinto in December last year.

Ozawa named Hajime Funada, a close aide to Hata, as acting chairman of the Political Activities Council under Kozo Watanabe, who continues to head the key council.

Another Hata follower, Kazuo Aichi, was appointed as chairman of the Policy Research Council.

Ozawa was formally named party president Thursday after overwhelming his sole rival, Former Prime Minister Hata, in the party presidential race.

The new party executive line-up was announced by the new Secretary General Yonezawa at a press conference in the Diet building.

Shinshinto chief Ozawa also created a "supreme advisory council" within the party and appointed to it as members three former prime ministers — Toshiki Kaifu, Morihiro Hosokawa and Hata.

Ozawa himself also took the post of the chairman of the "tomorrow cabinet."

New Secretary General Yonezawa said at a press conference that a "well-balanced" executive body has been formed.

#### **NFP's Ozawa Urges Early General Election**

OW3012121595 Tokyo KYODO in English  
1127 GMT 30 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 30 KYODO — Opposition leader Ichiro Ozawa said Saturday [30 December] he favors an early general election to seek a public verdict on ways to settle the financial crisis facing housing loan companies.

Ozawa, fresh from an overwhelming victory in the presidential election of the main opposition Shinshinto (New Frontier Party), said in an interview with KYODO NEWS SERVICE that head of the winning party should be installed as the new prime minister.

LDP, a major conservative party, is the biggest of tripartite ruling coalition, which also consists of the Social Democratic Party and the splinter conservative group New Party Sakigake.

"The sooner the better," Ozawa said of the dissolution of the powerful House of Representatives and a general election.

"We have to expedite our preparations (for the election)" he added.

Ozawa also said his party will press the government of socialist Prime Minister Tomiichi Murayama for an early dissolution of the Diet to set the stage for a general election.

He indirectly called for the resignation of Finance Minister Masayoshi Takemura to take the blame for the fiasco of housing loan companies.

Asked about a move by his rival Tsutomu Hata to form an intraparty group, Ozawa said it is good for him and his associates to form a study group but they should act carefully to avoid the impression that there is a confrontation within the party, he said.

Hata, a former prime minister, lost to Ozawa in the party's presidential election.

#### **SDPJ's Kubo Comments on Election Prospects**

OW2912002995 Tokyo NIHON KEIZAI SHIMBUN  
in Japanese 28 Dec 95 Morning Edition p 2

[FBIS Translated Text] Wataru Kubo, secretary general of the Social Democratic Party of Japan (SDPJ), granted an interview to NIHON KEIZAI SHIMBUN on 27 December. He commented on prospects for a general election will be held next year. He also shared his view that with the New Frontier Party's presidential election, the SDPJ's concept of forming a new party, and other matters as momentums, that "there will be a movement to reorganize the political world next year before a general election. A full-dress reorganization on a bigger scale will take place after the general election."

Some members of the Liberal Democratic Party (LDP) are expressing their hope that the post of prime minister will be transferred from Prime Minister Murayama (SDPJ chairman) to LDP President Ryutaro Hashimoto. Kubo, however, checked the LDP members' expectation, saying: "We cannot say that the framework of the coalition government is unshakable. Under the coalition, it is impossible for us to promise that we will hand over the prime minister's post to the leader of another party. Transfer of the post is unthinkable."

Commenting on the issue of responsibility over liquidation of special housing loan corporations, Kubo stressed that "we cannot get people's understanding (for the liquidation measures) unless we clearly explain the responsibilities of those" — including Hashimoto, who was a finance minister eight years ago — "who were members of the ministries responsible for a policy decision."



**Official's Resignation Surprises Financial Sector**

OW2912140895 Tokyo KYODO in English  
1302 GMT 29 Dec 95

[FBIS Transcribed Text] Tokyo, Dec. 29 KYODO — Financial circles were taken aback Friday [29 December] by Vice Finance Minister Kyosuke Shinozawa's offer to resign his post just before the Diet begins grilling the Finance Ministry over its plan to use taxpayers' money to help clean up bad loans at ailing Japanese mortgage lenders.

Shinozawa, the top Finance Ministry bureaucrat, tendered his resignation to "refresh the ministry's personnel and boost its morale." He is widely suspected to have made the decision to take responsibility for the mortgage debacle and a series of scandals involving senior ministry officials.

The news came completely out of the blue at the end of the year, of all times, a top executive of a major commercial bank said.

The banking industry had expected the ministry would keep its battle array intact for the time being, given the prospect of stormy parliamentary debate on the contentious scheme involving 685 billion yen from state coffers to help offset a 6.4 trillion yen loss stemming from the writing off of irrecoverable loans amassed by the mortgage companies.

Under the program, creditors of the housing loan firms will forego irrecoverable loans, with recoverable bad loans and performing assets transferred to a planned debt collection vehicle. But the ministry has yet to work out a way to make up for losses generated when the vehicle fails to recover such loans.

Banks which founded the housing lenders harbor animosity toward the ministry because the program forces them to forgive all their outstanding loans to the companies to compensate for 3.5 trillion yen of the 6.4 trillion yen loss on irrecoverable loans.

"How could he step down without clarifying bureaucratic responsibility for the mortgage fiasco?," an official at one of the founder banks fumed, fearing the resignation might now deflect criticism to the private sector when the Diet convenes early next year to discuss the matter.

Meanwhile, some bankers appreciated Shinozawa's decision, saying it indicates the ministry's intention to grapple with the New Year's tasks in a fresh environment after losing public confidence both at home and abroad in 1995, which Shinozawa describes as "the kind of year we never want to have again."

On top of the mortgage problem, two senior officials were found earlier this year to have had cozy relations with and received benefits from people related to the failed Tokyo Kyowa Credit Association and Anzen Credit Bank that were implicated in illicit lending.

Hiroaki Taya, former chief of the Tokyo customs office, was demoted from the position in March because he had traveled to Hong Kong on a private jet owned by Harunori Takahashi, former head of Tokyo Kyowa. Taya is to retire Sunday.

Yoshio Nakajima, former head of the Finance Ministry-affiliated Institute of Fiscal and Monetary Policy, resigned from his post in July as he had signed a sales deal for imported health drinks with a business consultant who was close to Tokyo Kyowa's Takahashi, and pocketed some 60 million yen in cash from another acquaintance.

On the international front, a bond trading loss scandal at Daiwa Bank's New York branch pit the ministry against U.S. banking authorities.

Toshihide Iguchi, then a bond dealer at the branch, had incurred losses of 1.1 billion dollars over 11 years through unauthorized trading. The ministry infuriated U.S. authorities when it informed them about the case six weeks after learning of the losses.

Shinozawa's resignation, however, had little impact on stock prices Friday because the announcement came after the Tokyo Stock Exchange had closed the half-day session on the final trading day of the year. Foreign exchange and other financial markets were also unaffected.

"A reshuffle of top Finance Ministry officials will not make any change in the overall picture," a stock dealer said calmly. "It will neither spur nor dampen equity prices."

**North Korea****U.S., ROK Joint Military Plans Deplored**

SK3112083695 Pyongyang KCNA in English  
0816 GMT 31 Dec 95

["U.S. and South Korean Puppets Should Duly Consider" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 31 (KCNA) — The United States and the South Korean puppets are driving the situation on the Korean Peninsula to confrontation and tension. The United States is reportedly to dispatch 2,700 troops to South Korea additionally till the year 2003. And the South Korean puppets openly announced that they will stage a "joint



training" with the U.S. troops in Texas in mid-February next year, the keynote of which is the deployment of Armed Forces and fulfillment of mutual duties in the supposed "contingency" on the Korean Peninsula.

This fully shows that the United States is persistently manoeuvring for a showdown of strength on the Korean Peninsula.

The main factor of aggravating the situation on the Korean Peninsula lies in the arms buildup and war manoeuvres of the United States and the South Korean puppets.

The United States will bear a due responsibility for the arms buildup and war rackets which will bring an irrevocable consequence.

The South Korean puppets are going to realize the wild ambition to "reunify the country by prevailing over communism" at any cost with the backing of the master and by dint of his strength, but it is a daydream.

If the South Korean warmaniacs dare to start an attack on us, our people and people's army will punish them at a stroke.

The United States should duly consider, clearly mindful of the fact that their reckless troop dispatch will result in pricking their eyes with their own hands, and the South Korean puppets should not seek a war exercise which will bring them a self-destruction.

#### **Plan To Increase Forces in ROK Denounced**

*SK3112103695 Pyongyang Korean Central*

*Broadcasting Network in Korean*

*1224 GMT 30 Dec 95*

[Commentary by Yun Pyong-sun: "An Attempt To Increase Armed Forces That Runs Counter to the Trends of the Times"]

[FBIS Translated Text] According to a report, the United States is maneuvering to deploy an additional 2,700 U.S. Army forces to South Korea by the year 2003. The plan to additionally deploy the U.S. Army forces is in accordance with the long-term plan of the U.S. Army, which is drawn up every two years. It is said that this deployment will start as early as next year and be completed in two to three years.

In this connection, the U.S. imperialists and the South Korean puppets are babbling that this deployment is to supplement a deficiency in administrative and backup forces; that it is not an increase in combat forces; and so on. However, this is a brazen-faced scheme to deceive public opinion at home and abroad, and to hide the dangerousness of the maneuver to increase armed forces.

As everyone knows, after the end of the Cold War the worldwide trend was to realize disarmament and withdraw military bases in other countries and reduce the forces there. The United States, which stationed an enormous number of troops in South Korea, the colonial military base, by saying that it was doing so to prevent a southward advance by the Soviet Union, must justly withdraw the U.S. forces in South Korea, considering that no such threat can be said to exist now. Doing so is in accordance with the trend of the times and the demand of the South Korean people and the world's people who desire withdrawal of the U.S. forces.

Moreover, recently our Republic and the U.S.-led Korean Peninsula Energy Development Organization concluded the light-water reactor supply agreement. Thus, we can anticipate new progress in implementing the DPRK-U.S. agreed framework. Under such conditions there is no reason and excuse for the United States to increase its forces in South Korea.

It is no coincidence that defense-related officials in South Korea and the United States are saying that there is no reason to hurry to increase forces right at this moment. Nevertheless, the U.S. bellicose class is scheming to increase the U.S. forces occupying South Korea. This is an intolerable act running counter to the trend of the times, and is all the more aggravating the situation on the Korean Peninsula. Thus, it is a planned maneuver to stir up the hornets' nest of a new war.

At this time South Korea is currently under full combat readiness in which almost one million puppet forces and about 50,000 U.S. imperialist aggressive forces could be plunged into war at any time. The explosive warehouse is becoming hot, and no one can predict when it will explode. For the United States to attempt to all the more increase its forces occupying South Korea at this time shows that there has been no change in the U.S. policy toward Korea and that it will continue to move toward the road of confrontation with us.

Increased forces and dialogue cannot be compatible. On the surface the United States is talking about easing tension, dialogue, and so on, as if to show that it is trying to make efforts to improve relations with us, but behind our backs it is continuously pursuing its black-hearted intention to crush us with military strength. Due to the United States' two-faced attitude, the situation in our country is dauntlessly becoming tense and the danger of war is increasing with each passing day.

The United States is truly the fundamental ringleader aggravating a tense situation on the Korean Peninsula and threatening peace. The U.S. bellicose class regards military strength as an almighty means, and it seems that they believe that they can achieve anything according



to their will through it. However, this is an idle thought. Strength, which may work in other regions, cannot by any means work against us.

The maneuver by the U.S. imperialists to increase forces is also being rejected among the South Korean people. The United States must throw away anachronistic fantasies and withdraw the U.S. forces from South Korea. If this does not occur, the United States will be the object of greater denunciation and rejection from the world's people, and ultimately it will be shamefully driven out of South Korea.

#### **ROK Foreign Minister's Remarks Criticized**

*SK3012041595 Pyongyang KCNA in English  
0356 GMT 30 Dec 95*

[**"NODONG SINMUN on Remarks of S. Korean Puppet Foreign Minister"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 30 (KCNA) — The puppet foreign minister of South Korea, Kong No-myong, in a recent interview with the German newspaper FRANKFURTER ALLGEMEINE said the West and Japan should not hasten normalisation of relations with North Korea and asked the Western countries not to act over the head of South Korea.

It is disgusting for him to try to "issue orders" to Western countries as regards their relations with the DPRK while begging them to take into account South Korea's position, says NODONG SINMUN today.

The news analyst continues:

This shows the poor lot of the South Korean puppets, who are making a last-ditch effort to get rid of international isolation.

This is a despicable attempt to block worldwide admiration from focusing on the DPRK and inveigle other countries in the anti-DPRK campaign.

No country will lend an ear to words of the group of the corruptest thieves in the world. If any, it is a disgraceful country that belongs to the same category as the colonial puppets.

The South Korean puppets must stop the foolish anti-national, flunkeyist acts which go against the trend of the times.

#### **'Arms Buildup' Assailed as Challenge to Peace**

*SK3012084195 Pyongyang KCNA in English  
0825 GMT 30 Dec 95*

[**"Arms Buildup Aimed at Invading North"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 30 (KCNA) — The South Korean puppets announced the "defense intermediate-term plan for 1997-2001" some time ago. Commenting on this, NODONG SINMUN today brands it as a vicious challenge to the unanimous desire of all the fellow countrymen who are eagerly longing for peace of the country and its peaceful reunification and a premeditated criminal act for seriously getting on our nerves.

The analyst goes on:

The bellicose Kim Yong-sam group have turned the whole land of South Korea into a mass-destruction weapon exhibition and are frequently staging the military manoeuvres against the North in league with outside forces to drive the situation of the country to a dangerous brink of war. Not content with this, they are madly trying to bring in South Korea many more lethal weapons and war equipment.

The bellicose Kim Yong-sam group are now rushing headlong along the road of war going against the unanimous desire of the whole nation. For this, they well deserve the curse, denunciation and punishment by the entire fellow countrymen as a traitor and enemy of reunification.

We cannot remain an onlooker to the fact that the traitor Kim Yong-sam, who is doomed to ruin, driven into a tight corner as he becomes a target of the people's attack with the disclosure of the dirty true colors of an accomplice in the "slush fund scandal" of the traitor No Tae-u, is trying to find a way out in provoking a war against the North.

No one can vouch that the Kim Yong-sam group which are running without discretion, bereft of reason as doomed to ruin, would not ignite a war against the North in league with outside forces.

The bellicose Kim Yong-sam group must not act rashly.

The Kim Yong-sam group's attempt to find a way out in the war provocation against the North is a miscalculation and it is the way of digging out their grave by themselves.



**Kim Yong-sam Urged To Reveal Secret Funds**

SK0201042296 *Pyongyang KCNA in English*  
0402 GMT 2 Jan 96

["Kim Yong-sam Urged To Face Trial" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA) — Political, judicial, opposition and other circles of South Korea recently conducted an all-people special investigation into the black money the traitor Kim Yong-sam received from No Tae-u.

The result says Kim Yong-sam received a total of 935 billion won of secret funds from No Tae-u, even according to brief calculation. It is said that the amount is "a piece of the iceberg."

Commenting on this today, a NODONG SINMUN analyst says:

It is quite natural that the South Korean people strongly urge Kim Yong-sam to open to the public the "presidential election" campaign fund and stand before the tribunal of history together with the traitor No Tae-u.

Kim Yong-sam inflicted sufferings and misfortunes on the working people through anti-social misrule and robbed them of hard-earned money. This crime is never to be condoned.

Kim Yong-sam is resorting to all sorts of tricks such as enactment of a special law on the May 18 incident, "detention and investigation" on No Tae-u and Chon Tu-hwan and "apology to the people" in an attempt to extricate himself from the "trap of the slush fund scandal."

Such trick can, however, never work today.

Kim Yong-sam must open to the public the "election" campaign fund, step down from power and choose imprisonment of his own accord together with Chon Tu-hwan and No Tae-u, as demanded by the people. Otherwise, he will be punished thousand-fold, he must know.

**Japanese Officials' Defense Posture Condemned**

SK3012060095 *Pyongyang KCNA in English*  
0424 GMT 30 Dec 95

["Campaign for Military Expansion" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 30 (KCNA) — Senior Japanese officials including the chairman of the Joint Chiefs of Staff are raising a hue and cry for "national defence" and "strengthening of Japan-U.S. security system" against the DPRK.

MINJU CHOSON today brands this as aimed at promoting Japan's arms buildup and war preparations for overseas aggression under the pretext of "military threat" from the DPRK.

The news analyst says:

The 1996-2000 "Five-Year Defence Program," which envisages a 2.1 percent increase of military spendings every year, has been adopted. Hysteric efforts are being made to strengthen the "Japan U.S. security" system.

This shows Japan, far from atoning for the past, is dreaming of militarist revival and sticking to the line of becoming a military power.

Asia today is not what it was yesterday.

The Japanese reactionaries must act with reason in line with the changed situation. It is a serious lesson of history that those bereft of reason will get nothing but bitter setback.

Japan must be mindful of this lesson.

**Commentary Criticizes Japan's Defense Posture**

SK3112072695 *Pyongyang KCNA in English*  
0715 GMT 31 Dec 95

["Where Is Japan Going" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 31 (KCNA) — The chairman of the Joint Chiefs of Staff of Japan a few days ago said that "Japan will watch the movement of the North Korean Army in close contact with the United States" and the Japanese reactionaries clamoured for "national defense" and "strengthening of Japan-U.S. security" against the DPRK.

NODONG SINMUN in a commentary today says the Japanese reactionaries are taking issue with us in a far-fetched way in an attempt to divert elsewhere the world people's attention turning on them and justify their arms buildup for the realization of their wild ambition for overseas aggression.

The news analyst goes on:

They are raising a hue and cry for "military threat from North Korea" in a bid to step up arms buildup and war preparations for overseas aggression under this pretext.

Japan recently adopted a "new defense program" and is advertizing it as their stand toward disarmament. But it is aimed at arms buildup, not disarmament.

It is true that subsidiary and needless personnel and office organisations are to be removed in the "new defense program". In actuality, however, it is aimed at arms buildup as it is envisaged to make war means



modernized, efficient, intensive and remote-controlled. Overseas aggression was and is the wild ambition of the Japanese reactionaries.

The spearhead of Japan's target to become a military power is directed to the DPRK and other Asian countries.

The Japanese reactionaries are still rushing headlong along the road for reinvasion. It gives nothing beneficial to Japan. It was proved by the lesson of its bitter defeat.

What Japan should settle promptly is to liquidate the past. To step up the plan to become a military power and take a road of reinvasion, turning back on this, would result in precipitating self-destruction.

#### **'Revisionists' Blamed for Fall of Soviet Union**

*SK3012095895 Pyongyang KCNA in English  
0900 GMT 30 Dec 95*

[**"NODONG SINMUN on Collapse of Soviet Union by Modern Revisionists"** — KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 30 (KCNA) — Modern revisionists, who held leading positions of the party and state in the former Soviet Union through an intrigue, conducted an anti-Stalin campaign and disgraced the leader and the seniors in the revolution and obliterated their achievements. The collapse of socialism is attributable to such a perfidious act.

So says NODONG SINMUN today in a signed article titled "Moves of Modern Revisionists Who Started Socialism on Collapse."

The author of the article says:

The modern revisionists debased Stalin and resorted to a vicious scheme to emasculate his achievements. Stalin, an heir to Lenin, succeeded to the cause of Lenin and built the first young socialist country into the powerful state of the world and defended the homeland of socialism from the aggression of fascism by leading the army and people. He was the representative of the aspirations and demand of the Soviet people and the socialist cause in the Soviet Union was inseparably linked with his name.

The modern revisionists held the supreme power of the Soviet Union through intrigues after he passed away in 1953. And they threw away their pledge of "loyalty" to Stalin like a worn-out pair of shoes and resorted to vicious moves to obliterate his authority and achievements.

The report of the 20th Congress of the Communist Party of the Soviet Union held in February 1956 laid

a stress on necessity for "peaceful coexistence", which was contradictory to the idea of Stalin. Another report branded him as a "ferocious dictator" and "tyranny."

The modern revisionists debased the achievements made by Stalin in socialist construction of the Soviet Union and in the patriotic war and went the length of slandering him as a "criminal" who hindered the economic development of the country and did harm to the international communist movement and as an "incompetent military strategist" who could not properly read an operational map. This was the height of nonsense.

The modern revisionists fostered anti-Stalin feeling of seditious forces in an attempt to conduct an anti-Stalin campaign and directed efforts to insulting comrades-in-arms of Stalin and obliterating their achievements.

In addition, they denied the socialist idea, thereby distorting and degenerating the revolutionary idea of the working class.

Their revisionist line was a counterrevolutionary one that resulted in demolishing the communist idea, the ideological foundation of the existence of the Soviet Union, and started its collapse.

The Soviet Union, which could not be destroyed by the imperialist allied forces' armed intervention and by millions of regular Armed Forces of fascist Germany, began to collapse owing to the anti-socialist moves of the modern revisionists and, in the long run, was suddenly overthrown like a wet mud wall.

The collapse of the Soviet Union left a lesson of blood that if the authority of the leader and his feats are not firmly defended, it is impossible to defend socialism.

#### **'Optimistic' Future Seen for New Economic Zone**

*SK3012102195 Pyongyang KCNA in English  
0837 GMT 30 Dec 95*

[FBIS Transcribed Text] Pyongyang, December 30 (KCNA) — Construction is in full swing in the Najin-Sonbong free economic and trade zone of Korea, a golden triangle.

The Najin-Sonbong area of 746 square kilometres was designated as a free economic and trade zone in December 1991. The first three years saw the formulation and publication of some 20 laws and regulations as a legal foundation for the development of the zone.

The construction of the zone entered into a full-dress stage in October 1994.

The last year or more has seen the completion of the projects of two landing sites of Najin heliport, a road to



Sonbong International Airport, a 51-km-long motorway between Wonjong and Najin and a tourist highway extending 20 kilometres along the coastal line.

The optical fibre cable project between Wonjong and Najin and between Chongjin and Najin has been completed for quick communications with Hunchun, China, by fax, telex and telephone through the Pyongyang International Satellite Telecommunications Centre.

Efforts have been made to radically increase the passage capacity of Najin Port, build wharfs for steel, coal and timber and streamline loading and unloading facilities.

Najin Port of Korea and the Yanbian Maritime Transport Company of China have opened a Najin-Pusan liner service. The border route between Wonjong and Quanhe of China has been opened to traffic. This has paved the way for cargo transport between Northeast China and Southeast Asia and opened vistas for increased transit transport.

A gravel production base with an annual capacity of 200,000 cubic metres has been built in Paekhak and a sand production base with an annual capacity of 300,000 cubic metres in Huchang. Natural crystal extraction bases with an annual capacity of 600 tons have been explored in Paekhak and Undok, and a deposit of several hundred million cubic metres of high-quality natural granite in Ungsang.

Progress has been made in hotel construction.

The construction of the Najin International Hotel, which can accommodate 200 guests, and the Sonbong Coastal Hotel, which can accommodate 100 guests, has been completed in the main. The Pipha Hotel has been reconstructed.

The Pipha Tourist Hotel, which can accommodate 2,000 guests, is under construction. It is planned to be completed in 1996.

Contractual and equity joint ventures have been promoted in power, oil, building-materials and the third industry.

Good results have been registered in joint ventures with American, British, Dutch and other corporations to increase the generating capacity and refine, store and supply oil in the zone.

Worldwide attention to this zone has been increased.

A UNDP-sponsored meeting on border passage and harbours in the Tumen River area was held in Sonbong in early September. An international seminar on the Najin-Sonbong free economic and trade zone was held in Beijing in late September.

Some 200 businessmen from the United States, Britain, Japan, Australia, Peru and six other countries inspected the zone on October 15 and asked for contractual or equity joint venture in different fields.

Many corporations have established solely-funded, contractual or equity joint venture businesses.

The prospects of the zone are optimistic.

#### **Editorial Emphasizes 'Arduous March' Spirit**

*SK0201044596 Pyongyang KCNA in English  
0349 GMT 2 Jan 96*

[*"Spirit of 'Arduous March'" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, January 2 (KCNA) — The New Year joint editorial of NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON calls on the party members, the officers and men of the People's Army and all other people to live and fight in the spirit of the "arduous march" displayed on Mt. Paektu.

This is a revolutionary spirit of self-reliance and hard work to carry out the revolution with one's own efforts, an optimistic spirit to make one's way through whatever difficulties without defeatism and vacillation, and an indomitable revolutionary spirit to make strenuous efforts without seeking personal comfort.

This spirit was fully displayed at the time of the "arduous march" which lasted more than a hundred days (December, 1938-March, 1939) during the most rigorous period of the anti-Japanese armed struggle.

The great leader President Kim Il-song said:

"The steel-like unity of the revolutionary ranks based on a lofty revolutionary spirit and comradeship was an important factor making for victory in the arduous march with its unprecedented rigours."

The revolutionary situation in the latter half of 1938 was very complicated as a result of the desperate "punitive" offensive of the Japanese imperialists and the harmful effect of left adventurism.

President Kim Il-song set out on an arduous march from Nanpaizi in Mengjiang County to the border area on the Amnok River at the head of the main unit of the Korean People's Revolutionary Army (KPRA) in order to weather the situation, keep the Korean revolution as a whole centred on the anti-Japanese armed struggle in an upswing from a firm independent stand and inspire the people to a new victory.



Continuous battles, bitter cold of around 40 degrees centigrade below zero, neck-deep snow-drift and serious food shortage made the march of the KPRA extremely difficult. No difficulty, however, could block the march. During the march, President Kim Il-song victoriously led his men with confidence in certain victory, indomitable will, scientific insight into any difficult situation and crafty moves of the enemy, calmness unaffected by any storm, extraordinary revolutionary sweep — quick and bold action, once determined — and revolutionary optimism without losing hope in any adversity.

During the "arduous march" the men of the KPRA defended President Kim Il-song politically and ideologically and at the cost of their lives and carried out his orders unconditionally under any difficulties with a firm belief that they would certainly emerge victorious as they were under his outstanding leadership. As a result, they ended the march victoriously.

The Korean people will give full play to the spirit of the "arduous march" and accomplish the *chuche* revolutionary cause, the cause of socialism and communism, pioneered by President Kim Il-song, united around the great leader Comrade Kim Chong-il with a single heart.

#### **Joint Editorial Notes Goals for New Year**

SK0101000296 *Pyongyang KCNA in English*  
2215 GMT 31 Dec 95

[*"Let Us Advance Vigorously in the New Year, Flying Red Flag; Joint Editorial of NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA) — NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON today carry a joint editorial titled "Let Us Advance Vigorously in the New Year, Flying the Red Flag" on the occasion of the New Year 1996.

Follows the full text of the editorial:

Today we are welcoming the new hopeful year 1996 with a great pride of successfully carrying forward the revolutionary cause of *chuche* started on Mt. Paektu under the red flag.

It was the old tradition of our people that they had steadfastly carried on the revolution with confidence in certain victory, encouraged by the new year address of the great leader Comrade Kim Il-song every year. Greeting the second new year after their fatherly leader, Comrade Kim Il-song, passed away, all our party members, People's Army soldiers, people with the working class at the core and young men and women are deeply revering him, resolved to continue the revolution,

true to his behests. With each passing day, the red flag reflecting the whole life of the respected leader comrade Kim Il-song is flying higher at the head of our revolutionary units and powerfully inspiring our people, who are advancing, closely rallied around the great leader Comrade Kim Chong-il.

Last year our people fully displayed noble communist morality and discharged revolutionary obligation for Comrade Kim Il-song.

Ours is a good people who respect the seniors in the revolution and fully discharge their obligation for the leader, the supreme representative of the seniors.

The party members, servicemen and all other people waged a vigorous struggle last year, in hearty response to the party's call for working in one mind and purpose as soldiers and disciples of Comrade Kim Il-song. To hold Comrade Kim Il-song in high esteem as the eternal sun, thoroughly implement his ideas and behests, regarding them as the only guideline, and keep his feats shining as the legacy of eternal value in the revolution — these are noble ideological and mental traits displayed by all the generations including the first generation of our revolution. With their noble moral obligation being fully displayed, the integrated whole of Comrade Kim Il-song and our people has been further consolidated with eternal viability.

Last year Kumsusan Memorial Palace made its sublime appearance as the supreme holy place of *chuche*. It was a historical event of the greatest importance in the revolutionary struggle and political life of our people with Comrade Kim Il-song as their eternal leader.

The memorial palace is the highest expression of the revolutionary obligation for the leader, the biggest treasure of the Kim Il-song nation and the holy place for the progressive peoples. It reflects the unanimous desire of our party and people to preserve Comrade Kim Il-song, the founder of socialist Korea, in state and keep his great name and undying feats always shining. It also represents the will of history to accomplish the Korean revolution and promote global independence in the way he did.

With the memorial palace built in keeping with the aspiration of the time and the people, the Korean communists have set a good example showing how the leader who started the revolution should be respected. By the good people with a steadfast outlook on the leader and noble moral obligation, the cause pioneered by Comrade Kim Il-song has been promoted successfully.

Our party and people are willing to invariably respect the leader of the revolution and remain faithful to his ideas and cause as they did before he passed



away. This unshakable will of theirs is fully mirrored by "Respecting Seniors in the Revolution Is a Noble Moral Obligation of Revolutionaries," a famous work published by respected Comrade Kim Chong-il late last year. The work significantly adorned last year when our people accelerated the revolution and construction on the basis of moral obligation and has encouraged all of them to bring the revolutionary spirit and noble morality befitting the communist revolutionaries into full play.

The year 1995 fully demonstrated the invincible might of our people, united closely around Comrade Kim Chong-il in one mind.

In many years of the arduous revolution, our party and people have advanced triumphantly with the revolutionary philosophy of singlehearted unity and its might. Ours is not a people who suffer ideological vacillation and disintegration from the death of their leader, daunted or discouraged by manifold difficulties on the road of advance. Our people and soldiers have made strenuous efforts to register tremendous achievements in the revolution and construction, believing in only respected Comrade Kim Chong-il, the supreme commander.

The grand celebrations of the fiftieth anniversaries of the Workers' Party of Korea [WPK] and the country's liberation last year were great festivals of victors which demonstrated the powerful singlehearted unity of our people around the party and the leader. They fully showed the great revolutionary traits prevalent in our society where the leader firmly believes in the people and the latter absolutely trusts and respects him. The celebrations of the WPK anniversary were of weighty significance because they fully demonstrated the indomitable spirit of our people advancing in the spirit of singlehearted unity and inspired the revolutionary people with the undying torch of revolution.

1995 was a year of faith and will in which socialism advanced in the most difficult conditions.

Last year the internal and external situation of our revolution was very rigorous. The imperialists and reactionaries persistently tried to isolate our republic, the bastion of socialism, and stamp out the socialist cause. Without slightest vacillation, however, our party energetically encouraged the party members and all other working people to fight with indomitable revolutionary spirit, holding aloft the red flag of revolution. Under the leadership of the party, our people redoubled their efforts with firm confidence in the validity of the socialist cause and its victory. Always sharing the destiny with our socialism and devoting themselves to advancing it with honor is the unswerving will of our party members, servicemen, all the people and youths.

Our party and people made enormous achievements in all fields of socialist construction by making efforts to implement the calls published by the WPK Central Committee to greet the 50th anniversary of the WPK. Thanks to the devoted efforts of our heroic working class, cooperative farmers and intellectuals, a great progress has been made in the implementation of the party's revolutionary economic strategy. The independence of the national economy has been increased, fresh achievements made in the efforts to accomplish the rural theses and the production of mass consumer goods steadily boosted. Grand monumental edifices including Chongnyu Bridge, Kumnung Tunnel No. 2, the Monument to Party Foundation and Pyongyang-Hyongsan tourist highway were built. Signal achievements have also been reported from socialist cultural construction including the literary and art field.

Our heroic servicemen have thoroughly implemented the party's military line under the leadership of the supreme commander. They have reliably defended the socialist homeland from the enemy's ceaseless aggressive and war provocation moves.

All the victory and achievements gained in the revolution and construction last year are very valuable and proud because they were won in face of the acute political and military confrontation with the enemy, persistent economic blockade and unprecedented natural disaster. They are a precious foundation which enables us to continue dynamically advancing socialism. They also inspire our people with confidence in the future and with revolutionary optimism.

The great victory and achievements were possible only under the tested leadership of Comrade Kim Chong-il.

In our glorious revolution we successfully solved the continuity of leadership long ago. Last year, too, political stability and unity were ensured on the highest level and everything was done well in our country. This great situation is attributable to the high prestige of the leader and the wise leadership of our party.

Comrade Kim Chong-il is the publicly recognized leader of our party and people, who has led the revolution and construction with the fatherly leader over 30 odd years. He is also our eternal supreme commander, who enjoys unquestioned trust from the whole party, all the army and the entire people for his veteran and experienced leadership and imperishable exploits.

At the very beginning of last year he sent a historic autograph letter to the whole party and all the people, encouraging them to work hard to make their country, their homeland more prosperous, united around the party



in one mind. The leadership of Comrade Kim Chong-il to see all the people displaying the moral spirit of holding the leader in great esteem and respecting the seniors in the revolution, was the basic source which makes the whole society replete with relationship based on noble moral obligation and with the revolutionary spirit.

He, basing himself on a scientific insight into the situation and the demand of our developing revolution, shaped the most correct line, strategies and tactics. He published famous works including "giving priority to ideological work is essential for accomplishing socialism" and "the Workers' Party of Korea is the party of the great leader Comrade Kim Il-song" to indicate the way of promoting the revolutionary cause of chuche and the cause of independence of humankind.

He gave on-the-spot guidance to units of the People's Army and different domains of the revolution and construction, guiding all the affairs of the party, the Army, the economy and culture. Under his wise leadership, our People's Army has become an invincible army and the advantages of our socialism have been brought into full play.

Last year was a significant year that fully demonstrated the distinguished ability of Comrade Kim Chong-il, who guides the people, fully responsible for their destiny, and a historic year which made our people firmly convinced that they will surely emerge victorious under his leadership.

Now we are seeing the new year 1996 in, recollecting with pride the year 1995 that left records indelible in the history of our revolutionary struggle.

Our party and people are faced with heavy yet honorable tasks this year.

Comrade Kim Chong-il said:

"We must safeguard the people-centred socialism of our own style, established by respected Comrade Kim Il-song, bring honour to it and complete the socialist cause of chuche."

1996 is the second year we are greeting after Comrade Kim Il-song passed away.

This year is of weighty importance in the history of the revolutionary struggle waged by our people, who steadfastly keep our party and revolution pure and develop them, fully discharging the noble moral obligation of the Korean communists for the leader.

Comrade Kim Chong-il's work "Respecting Seniors in the Revolution Is a Noble Moral Obligation of Revolutionaries" gives the revolutionaries of our age the truth of life and struggle and serves as the basic

guideline our party and people should always take in the revolution and construction.

This year we must hold Comrade Kim Il-song in high esteem and faithfully carry forward his ideas and cause with a stronger sense of obligation and effect a decisive turn in the efforts for the accomplishment of the cause of chuche under the leadership of Comrade Kim Chong-il.

In order to fully discharge the noble mission for the time and history, it is important for the whole party, all the Army and the entire people to fight staunchly, closely united around our party Central Committee headed by Comrade Kim Chong-il, holding the red flag aloft.

"Let us fully demonstrate the spirit of socialist Korea, holding the red flag aloft" — this is our slogan of struggle and advance.

The red flag is our faith, conscience and the banner of struggle. With this flag, our people can enjoy a glorious life and win the victory of socialism.

The spirit of socialist Korea advancing under the red flag is the spirit in which our people accomplish the revolution in their own way, depending on their strength, the spirit in which they are advancing, united closely in one mind and the spirit in which they continue advancing and struggling, undaunted by any difficulties.

We must brilliantly adorn this year in which falls the 70th anniversary of the "Down-With-Imperialism Union" founded by Comrade Kim Il-song as a historic year of fortune in which we demonstrate the spirit of socialist Korea, flying the red flag high.

The struggle of our party and people advancing under the red flag of revolution is a struggle for consolidating the three positions of our socialism — politico-ideological, economic and military positions of socialism — as an unconquerable fortress. If the socialist positions are strengthened in the ideological, economic and military fields, we have nothing impossible to do and nothing to be fearful of.

The political and ideological position is the source of invincible socialism. It is the truth proved by history that if it secures ideology, socialism will triumph; and if it loses ideology, socialism will go to ruin.

We must arm all the party members, soldiers, youths and people with the chuche idea, the revolutionary idea of our party, and encourage them to live and struggle in our own way in any circumstances, as required by the chuche idea. The party members and all other working people must categorically reject the imperialists' ideological and cultural infiltration and consolidate our ideo-



logical position as an unconquerable fortress unaffected by any unhealthy ideological tendencies.

The dynamism of our political and ideological position is based on singlehearted unity around Comrade Kim Chong-il. We must defend the unity of our party and revolutionary units like the apple of the eye, regarding the behests of the fatherly leader, who wanted us to unite closely around Comrade Kim Chong-il, as our lifelong motto.

It is the spirit peculiar to the Korean communists and the glorious tradition of our party to devotedly defend their leader. The revolutionaries find their worthwhile life, conscience and obligation in glorifying this tradition. All the party members, soldiers, youths and people must defend Comrade Kim Chong-il, our destiny and the top brain, politically and ideologically and at the risk of their lives and continue the revolution, absolutely trusting him. They must follow the example set by the Seventh Regiment of the Korean People's Revolutionary Army in devotedly defending the headquarters of revolution on Mt. Paektu so that its spirit can be fully displayed by our revolutionary units as their precious soul and immovable creed.

Communist morality is collectivist morality based on comradeship and revolutionary obligation and is also the moral basis which makes it possible to strengthen our political and ideological position.

We must invariably regard it as our moral obligation to defend and further develop the revolutionary tradition established by the preceding generations of the revolution. We must intensify education in morality among the party members and other working people to prepare them to be true communists, revolutionaries, faithful to the party and revolution, the country and people and establish communist morality in the whole society. With the imperialists and the renegades of revolution trying hard to abuse communists and impair communist morality, we must steadfastly defend and further develop the proud history and tradition of our revolution, which has been made on the basis of revolutionary comradeship, noble moral obligation and emerged victorious with its might.

Consolidating the socialist economic foundation is an important undertaking for defending socialism and making our country, our homeland more prosperous.

Implementing our party's revolutionary economic strategy to the letter is what Comrade Kim Il-song intended in his lifetime. This year we must continue making strenuous efforts to implement the revolutionary economic strategy so as to further improve the people's

living standards and consolidate the nation's independent economic foundation still further.

We must direct greater efforts to developing agriculture, light industry and foreign trade.

In the agricultural domain, we must do farming in a scientific and technical way with a strong sense of responsibility as required by the farming method of *chuche*, thus largely increasing grain production this year. In the light industrial domain we must sufficiently produce mass consumer goods and make efforts to increase the production of export goods considerably in different sectors of the national economy.

If agriculture and light industry are to be developed and the general economic construction of the country to be accelerated, it is necessary to concentrate efforts on coal and metal industries.

Coal and metal industries are foremost fronts and a breakthrough for the implementation of the party's revolutionary economic strategy. So, it is important to concentrate efforts on coal and metal industries, keep production on a steady increase in these domains and satisfactorily meet the growing demand for coal and steel. In the domain of rail transport the drive for carrying more freight should be intensified to consolidate material and technical foundation of railways and transport more and faster.

In all domains of the national economy we must tap all reserves, increase production and economize as much as possible in oil, coal, electricity and grain as we did in the period of the great Chollima upsurge, in hearty response to the call for maximum production and economy.

Consolidating the socialist military position is an important undertaking for reliably defending our socialism.

It is with powerful defence capacity that our people have confidently built socialism in the acute confrontation with the imperialists and all other reactionaries.

Our People's Army has become an invincible army capable of defeating any imperialist aggressors.

It must continue modelling itself on the *chuche* idea, prepare all the servicemen to be rifles and bombs for defending Comrade Kim Chong-il and establish the commanding system and morale whereby all the servicemen unconditionally obey and fulfil the orders of the supreme commander. All the servicemen must study hard the military regulations and serve the Army as required by them, perfecting the appearance of the Korean People's Army as a regular army.

We want peace. But we never entreat it of the imperialists. On the rifles of the People's Army peace and



the security of the socialist country are dependent. It is the immovable creed of our Army to steadfastly defend the socialist cause with the weapons handed over by the anti-Japanese revolutionary fighters. All the soldiers of the People's Army must uplift their dignity and honor in devotedly defending their leader and party, their system and country with the weapons of revolution.

We must make the whole country replete with the spirit of attaching importance to military, strengthen the all-people defense system and bring the traditional virtues of Army-people unity into full play.

Strengthening the party and enhancing its function and leadership role in every way is vital to consolidating the three positions of our socialism and successfully accelerating the revolution and construction this year.

Our party is the staff of the Korean revolution. It organizes and guides all the victory of our people.

We must further strengthen and develop our party to be the party of Comrade Kim Il-song, which invariably defends its tradition established by him and does everything in the way he did, and to be an invincible party which successfully implements the ideas of Comrade Kim Chong-il and ensures his leadership. The party organizations must give priority to ideological work, invigorate the political work, the work with man, thus preparing their members and all other working people to be true revolutionaries unfailingly loyal to the party and the leader and encouraging them to socialist construction. The party organizations at all levels must successfully embody our party's benevolent politics and further cement the unity of the party and the masses in perfect harmony under the slogan "We serve the people."

Now when the party and the revolution are faced with heavy tasks, our party requires all the party members, soldiers and people to live and fight in the spirit displayed during the "arduous march" in the period of the anti-Japanese revolutionary struggle.

We are building socialism in the most difficult conditions. The spirit of the "arduous march" is the revolutionary spirit of self-reliance and hard struggle, the optimistic spirit and the indomitable spirit. This spirit makes it possible to keep the red flag of revolution flying high and triumphantly advance socialism.

It is the leading officials who should take the van of the people advancing with the indomitable spirit.

They should be Kim Chaek-type leading officials who devote their everything to realising the ideas and intentions of the leader and remain faithful to the leader with substantial achievements in their work, not with an empty talk. The leading officials engaging in the

economic work must properly direct the economic affairs with a strong sense of responsibility, resolved to fulfill without fail the economic tasks given by the party. The officials must continue thinking and working hard to carry out their revolutionary tasks and do everything successfully with a great political judgement, novel ideas and revolutionary grit.

The young people are the main force of socialist construction. The party pins great expectation on them.

They must prepare themselves to be revolutionaries who are faithful to the ideas and leadership of Comrade Kim Chong-il, holding aloft the torch of revolution kindled by him, and fine revolutionaries and communists who remain intensely loyal to the country and the people and have beautiful and sound mental and moral traits. This year marking the 50th anniversary of the League of Socialist Working Youth of Korea, they must fully demonstrate the spirit of the revolutionary youths of Korea and perform heroic exploits on all fronts of socialist construction.

Our tasks are very heavy and vast, but we have the great ideas, revolutionary spirit, singlehearted unity and powerful foundations for fulfilling them. We must dynamically advance in high revolutionary spirit with confidence in certain victory and revolutionary optimism so that we can effect a revolutionary turn and win a great victory in the spirit of the red flag this year.

1995 was a significant year in which all the people of the country waged a nationwide struggle to fulfill the behests of Comrade Kim Il-song for national reunification, opening up a new phase of the reunification movement.

Last year the Grand National Reunification Festival marking the 50th anniversary of the country's liberation was held with a large attendance amid great expectation and concern of the people at home and abroad. The festival, the first of its kind since the country was divided, was a grand national gathering which demonstrated the proud victory of the pro-reunification patriotic forces over the separatist forces and a historic gathering which renewed all the fellow countrymen's hope for and confidence in national reunification.

With the desire for reunification ever growing, reunification-aspiring organizations in the North, South and overseas vigorously waged a joint struggle for reunification with concerted efforts and, in this course, the unity of the whole nation has been cemented still further.

Last year, the anti-national, anti-people nature of the Kim Yong-sam fascist regime wearing "civilian" veil was brought into a bolder relief. It is South Korea today where the "president" and upper echelons of the ruling



and opposition parties are engaged in irregularities and all kinds of social evils are rife.

The situation of South Korea last year showed that as long as it remains under the colonial domination by outside forces and under the anti-people rule by their stooges, the elementary democratic freedom and rights of the popular masses cannot be ensured. In South Korea under the U.S. colonial rule, the people have nothing to expect from the regimes, military or "civilian." It is natural that the South Korean students and people from all walks of life are struggling to remove the Kim Yong-sam group, which are seeking fascism, treachery and division and engaging in irregularities with the "civilian" veil, and establish an independent, democratic government which truly serves the country, the nation and the people and seeks reunification.

The Kim Yong-sam puppet regime, engrossed in treachery and irregularities, is doomed to destruction as the successive rulers of South Korea went to ruin, while seeking confrontation with the fellow countrymen in the North and "unification by invading the North", estranged from the people. The South Korean puppet clique, which are driven into a tight corner, rejected within and without, are desperately trying to find a way out of their catastrophic crisis in North-South confrontation and war provocation. Their allegation about "the North's threat" is nothing but a talk for invading the north. If the United States and the South Korean puppet clique persistently seek confrontation and war, the situation will be further aggravated and brought to a hopeless phase. We cannot remain an onlooker to it, nor will we allow any provocation.

The reunification of the country is the cause of the nation and the supreme task to which Comrade Kim Il-sung devoted all efforts until he passed away.

Seeing the new year in, all the fellow countrymen are determined to bring about a new turn in the struggle for the unity and reunification of the nation, true to the behests of Comrade Kim Il-sung, the father of the nation.

The three principles of independence, peaceful reunification and great national unity, the Ten-Point Programme of the Great Unity of the Whole Nation and the proposal for founding the Democratic Confederal Republic of Koryo, which were advanced by him, are the banner of genuine patriotism and a just and reasonable reunification programme common to the nation.

We must maintain the stand of national independence, reject the separatist forces' dependence on outside forces, flunkeyism and treachery and defend the dignity and independence of the nation.

What should be resolved first in ensuring peace and security in the Korean peninsula and realising its reunification is to establish a new peace mechanism between the Democratic People's Republic of Korea and the United States. If such a peace-keeping system is set up, the situation of the Korean peninsula will be relaxed and the North-South agreement implemented smoothly. And it will favorably affect the reunification of Korea.

Our party's stand for reunifying the country in a peaceful way remains unchanged.

The basic guarantee for the independent and peaceful reunification of the country is the great unity of the whole nation. If great national unity is to be achieved, it is imperative to remove all the obstacles to national reconciliation and unity. All the compatriots at home and abroad must vigorously wage the joint struggle of the whole nation to have the "National Security Law," an anti-national, anti-reunification law, abolished and the concrete wall pulled down in South Korea.

Reunifying the country in line with the three principles is possible only by the confederation formula. All the compatriots in the North, South and overseas must unite closely as the same nation, regardless of ideology, idea and system, and join in the struggle to establish a confederal state independent, peaceful and neutral, that is a reunified state involving the whole nation.

The historic cause of national reunification will surely be accomplished because we have the most just reunification programme indicated by Comrade Kim Il-sung, the eternal sun and father of the nation, and our party guides the nationwide struggle for the country's reunification.

The changed international situation last year clearly showed that our foreign policy based on the idea of independence, peace and friendship is just and the people's aspiration after independence, sovereignty and socialism has become an irresistible trend of history.

Last year disturbances, instability and international disputes caused by the imperialists harassed different regions of the world, seizing the world peace-loving people with uneasiness. The situation shows that the aggressive nature of the imperialists remains unchanged and neither national sovereignty nor world peace can be achieved without smashing their aggressive moves.

Our party and government made great efforts last year, too, to strengthen friendship and cooperation with the people of all the countries who advocate independence and respect us in the international arena and to safeguard world peace and security. For its infinite loyalty to the socialist cause and the steadfast anti-imperialist



independent stand, our party has become the most authoritative revolutionary party which maintains the socialist banner, and our country has become the socialist fortress which inspires the world progressives with confidence and optimism.

This year our party will as ever pursue the foreign policy of independence, peace and friendship, as demanded by the time of upheaval.

No matter how the world situation may change, our party will firmly maintain the banner of socialism, the banner of independence against imperialism, and actively support the people of the socialist countries, non-aligned countries and all other countries in their struggle for independence, peace, national independence and social progress.

We will always remain faithful to the human cause of independence, the cause of building a free, peaceful and friendly new world free from domination and subjugation.

Now that the imperialists are resorting to the policy of strength under the pretext of "peace" and "detente," it is important to develop the peace movement. We, in close unity with all the peaceloving people across the world, will make every possible effort to thwart the imperialists' acts of aggression, interference and disturbance and totally eliminate the nuclear weapons threatening the existence of humankind and ensure a durable peace in Asia and the rest of the world.

Our cause is just and we always emerge victorious. As our ideology and idea are noble, the prospect of the Korean revolution is very bright; as our faith and will are unshakable, the difficulties cropping up in the advance of the revolution have been successfully overcome; and as our socialist positions are invincible, the imperialists and all other reactionaries of history have been pushed against the last wall. The path of revolution has been carved out successfully in the adversities and the revolutionary spirit displayed more fully and a greater victory won with each passing day. This is the glorious era guided by Comrade Kim Chong-il.

When the whole party, all the Army and the entire people fight more staunchly, united in one mind, the present era will be more prosperous.

The road we are covering is not smooth. But our party and people never yield to and vacillate before difficulties. The red flag encourages all of us to a new struggle and victory in the revolution we should continue in any circumstances.

Let all of us invigorate the historic march in the new year, united closely around the party Central Committee headed by Comrade Kim Chong-il

### **Editorial Promotes Socialism Under 'Red Flag'**

*SK3112225395 Pyongyang KCNA in English*  
2230 GMT 31 Dec 95

[*"Pyongyang: Joint Editorial Calling For Effecting Revolutionary Turn Under Red Flag in New Year" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA) — All the party members, People's Army soldiers and people must consolidate the three positions of socialism and live and work in the spirit of the "arduous march" displayed on Mt. Paektu, united closely around the Workers' Party of Korea [WPK] Central Committee headed by Comrade Kim Chong-il, thus making this a historic year of fortune in which the spirit of socialist Korea is fully displayed under the red flag.

This is what boils down to a joint editorial carried by NODONG SINMUN, organ of the WPK Central Committee, and other newspapers CHOSON INMIN-GUN and NODONG CHONGNYON Today, greeting the New Year 1996.

In the editorial the newspapers of the party, the Army and the youth define 1995 as a year of faith and will in which the socialist cause was promoted successfully and underlines tasks to win a great victory and effect a revolutionary turn in the spirit of the red flag in 1996, the second year after the great leader President Kim Il-song passed away.

The editorial titled "Let Us Advance Vigorously in the New Year, Flying the Red Flag" calls for effecting a decisive turn this year in the struggle to accomplish the cause of *chuche*. It also calls on the whole party, all the army and the entire people to fight staunchly, holding the red flag aloft, united closely around the WPK Central Committee headed by Comrade Kim Chong-il.

"Let us fully display the spirit of socialist Korea under the red flag " — this is our slogan of struggle and advance, the editorial says.

We must brilliantly adorn this year in which falls the 70th anniversary of the "Down-With-Imperialism Union" founded by Comrade Kim Il-song as a historic year of fortune in which the spirit of socialist Korea is fully displayed under the red flag, it says, and continues:

If the three positions of our socialism are consolidated in the ideological, economic and military fields, we will have nothing impossible to do and have nothing to be fearful of.

Referring to the strengthening of the political and ideological position of socialism, the editorial says:



We must defend respected Comrade Kim Chong-il, our destiny and top brain, politically and ideologically and at the risk of our lives and continue the revolution, absolutely trusting him only.

He is the publicly recognized leader of our party and people, who has led the revolution and construction with the fatherly leader Comrade Kim Il-song for 30 odd years and is also our eternal supreme commander, who enjoys unquestioned trust from the whole party, all the Army and the entire people for his veteran and experienced leadership and imperishable feats, the editorial says, and goes on:

This year we must continue making strenuous efforts to implement the revolutionary economic strategy so as to further improve the people's living standards and consolidate the nation's independent economic foundations still further.

Greater efforts should be directed to developing agriculture, light industry and foreign trade.

The editorial says strengthening the military position of socialism is an important undertaking for reliably defending our socialism.

It says: We want peace. But we never entreat it of the imperialists. On the rifles of the People's Army peace and security of the socialist country are dependent.

All the servicemen should prepare themselves to be rifles and bombs for defending respected Comrade Kim Chong-il, the supreme commander, and uplift their dignity and honor as soldiers of the People's Army devotedly defending their leader and party, their system and country with the weapons of revolution.

Strengthening the party is vital to consolidating the three positions of socialism and successfully accelerating the revolution and construction this year. We must further strengthen and develop our party to be the party of Comrade Kim Il-song which does everything in the way he did and to be an invincible party which successfully implements the ideas of Comrade Kim Chong-il and ensures his leadership. Now when we are building socialism in the most difficult conditions, our party requires all the party members, servicemen and people to have the spirit displayed during the "arduous march" in the period of the anti-Japanese revolutionary struggle.

This optimistic, indomitable revolutionary spirit of self-reliance makes it possible to triumphantly advance socialism, flying the red flag of revolution high.

We must dynamically advance in high revolutionary spirit with confidence in certain victory and with revolutionary optimism, thus winning a great victory and

effecting a revolutionary turn in the spirit of the red flag this year.

Referring to the South Korean situation and the issue of national reunification, the editorial says:

If the United States and the South Korean puppet clique persistently seek confrontation and war, the situation will be further aggravated and brought to a hopeless phase. We cannot remain an onlooker to it, nor will we allow any provocation.

Our party's stand of reunifying the country in a peaceful way remains unchanged.

The three principles of independence, peaceful reunification and great national unity, the Ten-Point Programme of the Great Unity of the Whole Nation and the proposal for founding the Democratic Confederal Republic of Koryo, which were put forward by Comrade Kim Il-song, are the banner of genuine patriotism and a just and reasonable reunification programme common to the nation.

Reunification is possible only by the confederation formula.

The editorial reiterates the WPK's stand of consistently pursuing the foreign policy of independence, peace and friendship this year.

No matter how the world situation may change, our party will steadfastly maintain the banner of socialism, the banner of independence against imperialism, and actively support the people of socialist countries, non-aligned nations and other countries in their struggle for independence, peace, national independence and social progress, it says, and declares:

We will unite with all the peaceloving people across the world and make every possible effort to thwart the imperialists' acts of aggression, interference and disturbance, totally eliminate the nuclear weapons threatening the existence of humankind and ensure a durable peace in Asia and the rest of the world.

#### **Editorial Urges 'Decisive Turn' in Chuche Cause**

SK3112230095 *Pyongyang KCNA in English*  
2239 GMT 31 Dec 95

["Papers Call For Demonstrating Spirit of Socialist Korea Under Red Flag" —KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 1 (KCNA) — NODONG SINMUN, organ of the Workers' Party of Korea [WPK] Central Committee, the newspaper of the Army CHOSON INMINGUN and the newspaper of the youth NODONG CHONGNYON call on all the party members, People's Army soldiers and people to



effect a decisive turn in the struggle to accomplish the revolutionary cause of chuche under the leadership of respected Comrade Kim Chong-il this year, the second year after the great leader Comrade Kim Il-song passed away.

The joint editorial titled "Let Us Advance Vigorously in the New Year, Flying the Red Flag" the newspapers carry on the occasion of the New Year 1996 says:

"Let us fully display the spirit of socialist Korea under the red flag" — this is our slogan of struggle and advance.

We must brilliantly adorn this year in which falls the 70th anniversary of the "Down-With-Imperialism Union" founded by Comrade Kim Il-song as a historic year of fortune in which the spirit of socialist Korea is fully displayed under the red flag.

If the three positions of our socialism — politico-ideological, economic and military positions — are consolidated, we will have nothing impossible to do and have nothing to be fearful of.

All the party members, servicemen, youths and people must defend Comrade Kim Chong-il, their destiny and top brain, politically and ideologically and at the risk of their lives, and continue the revolution, absolutely trusting him only.

He is the publicly recognized leader of our party and people, who has led the revolution and construction with the fatherly leader Comrade Kim Il-song for 30 odd years, and is also our eternal supreme commander, who enjoys unquestioned trust from the whole party, all the Army and the entire people for his veteran and experienced leadership and imperishable feats.

This year we must continue making strenuous efforts to implement the revolutionary economic strategy to further improve the people's living standards and consolidate the nation's independent economic foundations still further. We must direct greater efforts to developing agriculture, light industry and foreign trade.

If socialism is to be defended reliably, the military position of socialism should be strengthened.

We want peace. But we never entreat it of the imperialists. On the rifles of the People's Army peace and security of the socialist country are dependent.

Now when we are building socialism in the most difficult conditions, we must live and work in the spirit of the "arduous march" displayed on Mt. Paektu, which is the optimistic, indomitable revolutionary spirit of self-reliance.

We must advance vigorously in high revolutionary spirit with confidence in certain victory and with revolutionary optimism, thus winning a great victory and effecting a revolutionary turn in the spirit of the red flag this year.

Our party's stand of reunifying the country in a peaceful way remains unchanged.

Reunification is possible only by the confederation formula.

We cannot remain an onlooker to the fact that the United States and the South Korean puppet clique have brought the situation to a hopeless phase, nor will we allow any provocation.

This year our party will as ever pursue the foreign policy of independence, peace and friendship, as demanded by the time of upheaval.

No matter how the world situation may change, our party will steadfastly maintain the banner of socialism, the banner of independence against imperialism.

## South Korea

### Foreign Ministry: No Decision on Clinton Visit

SK3112003195 Seoul THE KOREA HERALD  
in English 1 Jan 96 p 2

[From the "Political and diplomatic briefs" column: "U.S. president's visit to Korea not decided"]

[FBIS Transcribed Text] No decision has yet been made on whether U.S. President Bill Clinton will visit South Korea on the occasion of his trip to Japan scheduled for April 16-18, a South Korean Foreign Ministry spokesman said yesterday.

Commenting on news reports on the possibility of Clinton traveling to Seoul after his Tokyo visit, the spokesman said the issue is up for consultations between South Korean and U.S. officials in the future.

### White House Assistant 'Emergency Visit' Planned

SK3112011095 Seoul KYONGHYANG SINMUN  
in Korean 31 Dec 95 p 1

[FBIS Translated Text] Anthony Lake, U.S. White House assistant for national security affairs, will make an emergency visit to the ROK on 13 January to discuss food shortages in North Korea and the situation on the Korean peninsula.

It is very unusual for a White House assistant for national security affairs, a close aide of the U.S. President, to visit the ROK on an individual basis.

An ROK Government officials said on 30 December: "The ROK and the United States are continuing close



consultations through official diplomatic channels, but the recent changes surrounding the Korean peninsula call for direct coordination between the two heads of state. This is why Assistant Lake is visiting the ROK."

During his four-day stay in the ROK until 16 January, Assistant Lake will meet with Yu Chong-ha, senior presidential secretary for foreign and security affairs, to make an overall reevaluation of the security issue of the Korean peninsula.

At their meeting, the ROK and U.S. presidential security assistants will discuss the recent North Korean front deployment, the power trend inside North Korea, and follow-up measures for the agreement on the supply of light-water reactors. Assistant Lake reportedly will exchange opinions on North Korea's food shortages, on which the ROK and the United States have different opinions, and will convey U.S. President Clinton's position on providing North Korea with food aid.

Assistant Lake will also make a courtesy call on President Kim, and hold meetings with ROK security chiefs, including Kwon O-ki, deputy prime minister of unification; Foreign Minister Kong No-myong; and Defense Minister Yi Yang-ho.

#### Seoul Rejects U.S. Request To Deal With North

SK3112045795 Seoul HANGUK ILBO in Korean  
31 Dec 95 p 1

[By reporter Son Tae-kyu]

[FBIS Translated Text] It was learned on 30 December that the United States officially requested our government to allow the United States to deal with the matter of military contact with North Korea at its own discretion. This is attracting much attention because such request by the United States signifies that it is complying to hold direct negotiations with North Korea. The North has been persistently demanding to conclude the peace agreement with the United States.

Gary Luck, commander in chief of the ROK-U.S. Combined Forces, sent a letter to Defense Minister Yi Yang-ho last month and emphasized the necessity for the United States to have the right to deal with the military contact matter with North Korea, including general-level talks, at its own discretion, and tapped out the ROK side's position regarding this matter.

In the letter, Commander in Chief Luck said: "If the Military Armistice Commission [MAC], which has not met for several years, is to be normalized, there is a need to maintain military contact with North Korea to prepare for a possible event that may break out in the DMZ." In the letter it also requested that the ROK side understand the situation and allow the United States

to hold dialogue with North Korea with responsibility since North Korea is strongly insisting on the exclusion of the ROK.

In this connection, it was learned that after consultations with related authorities, including the Ministry of National Unification Board and the Foreign Ministry, the Defense Ministry decided to reject such a request judging that if the United States is allowed to deal with dialogue with North Korea at its own discretion, it would be recognizing North Korea's strategy of excluding the ROK. The Defense Ministry said: "North Korea's proposal for the DPRK-U.S. general-level talks ignores the current armistice system, and is a means to conclude the peace agreement with the United States." It conveyed to the U.S. side of its position that any kind of military contact between the United States and North Korea must be carried out within the framework of the MAC.

In connection with the work to conclude the peace agreement, North Korea had proposed to hold direct general-level talks in February for direct negotiations with the United States. In this regard, our side and the United States proposed talks in which generals of the ROK, the United States, and the United Nations participate within the framework of the MAC.

#### Accelerating U.S.-North Military Contacts Noted

SK3112123295 Seoul HANGUK ILBO in Korean  
31 Dec 95 p 5

[Article by Son Tae-kyu: "Signs of Accelerating DPRK-U.S. Military Contacts"]

[FBIS Summary] The exclusive military contacts between the United States and North Korea are being handled in a clever way.

The form of negotiations between the two countries — which have stressed "diplomacy to find remains of U.S. soldiers" — has made the ROK Government quite uncomfortable.

Furthermore, in a letter signed by the UNC [UN Command] commander in the ROK, the United States has requested the ROK's consent for it to hold solo military meetings with North Korea.

Following a unilateral withdrawal from the Military Armistice Committee, North Korea called for a meeting of general-grade officers with the United States, stressing that South Korea be excluded from it.

The United States has apparently confirmed that it will not hold military meetings with North Korea without the ROK's agreement. However, negotiations between secretaries of the Military Armistice Committee of the



two sides have taken place in Panmunjom concerning the return of remains.

The United States has various motivations concerning the issue of remains. As shown in the Vietnam War, the United States is persistently trying to find the remains of U.S. soldiers who were killed in action. The return of the remains of U.S. soldiers who were killed during the Korean War will be good for the Clinton government, which faces the next presidential election in 1996, to gain people's support. Also, this can be a way to maintain a dialogue channel with North Korea under a situation in which the function of the Military Armistice Committee is paralyzed.

The ROK Government is concerned about the North Korean military officials' visit to the United States, even if their purpose is to hold negotiations with the United States to discuss the return of remains of U.S. soldiers killed in the Korean War. A high-ranking Defense Ministry official stated: "As pointed out in the letter signed by the UNC commander in the ROK, the United States has a strong desire to hold exclusive meetings with North Korea, regardless of the desires of the ROK."

However, the U.S. Government has still stressed that the return of remains will be discussed during the meetings in Hawaii. We will know after the meetings are over whether this pledge by the U.S. Government is simply a diplomatic remark or a practical promise. Whatever the case, one is struck with the idea that North Korean-U.S. relations are likely to become closer than ever before.

#### **North Seeks U.S. Relations in Military Contact**

*SK0101233796 Seoul SEOUL SINMUN in Korean  
31 Dec 95 p 3*

[Article by reporter Hwang Song-ki: "North Korea Dreams of 'Establishing Diplomatic Relations With the United States in a Vietnamese Style'"]

[FBIS Translated Text] North Korea and the United States plan to hold a contact of military officials in Hawaii, the United States, on 9-13 January to discuss the return of the remains of the U.S. soldiers. This contact attracts people's attention. This will be the first visit to U.S. by North Korean military officials.

This U.S.-North Korea contact is of great political significance because, as the negotiations on the supply of light-water reactors have concluded, the two countries are expected to discuss the opening of liaison offices and the establishment of diplomatic relations in the future. The upcoming U.S.-North Korea contact of military officials also attracts people's attention because the contact will be held under circumstances in which North Korea has made ominous military movements.

The talks are intended to discuss technological issues concerning the repatriation of the remains of the U.S. soldiers missing in action during the Korean war. Bilateral negotiations on the repatriation of the remains started when working diplomats of the two countries met in Beijing in 1987. This was followed by talks in New York in 1989. The talks, however, were not intergovernmental talks but talks between the North Korean mission to the United Nations and the Korean War Veterans Association of the United States. Also, the negotiation on the repatriation of the remains have been held in the form of dialogue in the Military Armistice Commission [MAC] since the U.S. State Department made public its basic position that "such negotiations must be held through the MAC according to the Armistice Agreement." The upcoming Hawaii contact will be held in this vein.

The U.S. Army Central Identification Laboratory, which specializes in examining remains of U.S. soldiers, is located in Hawaii. Therefore, the upcoming negotiations are expected to mainly discuss techniques to examine remains. Since 1990, North Korea has used the repatriation of the remains as means to flash a smile at the United States and earn foreign exchange. North Korea repatriated 1,869 remains in 1954, right after the armistice. Then, it has sent back a total of approximately 20 remains since 1990. However, some of them were those of Orientals or animal bones, which embarrassed the United States. It is speculated that taking this opportunity, the United States will seek to put an end to the controversy of whether the remains are those of U.S. soldiers or not and carry out the work of jointly finding remains of U.S. soldiers in earnest.

Nevertheless, the North Korean leadership, which faces grain shortages and the possibility of domestic unrest, appears to have the ulterior motive of using any contact with the U.S. Government as an opportunity to get U.S. aid and hasten the establishment of North Korea-U.S. diplomatic relations.

This is proven by the fact that the North Korean delegation to the talks will be headed by Kim Pyong-hung, director of the Disarmament and Peace Institute, who is a minister-level official. Experts speculate that the fact that the United States and Vietnam established diplomatic relations after 31 rounds of negotiations on the return of remains may have led North Korea to entertain some expectations.

In the meantime, ROK military authorities hope to acquire better knowledge about North Korea's internal situation through the North Korean delegation. The North Korea-U.S. military contact, which will be held at a time when North Korea has made unusual military



movements, will attract the attention of the ROK and its neighbors for various reasons.

**U.S., North Hold Contact in Panmunjom on Hawaii**

*SK3012235095 Seoul CHOSON ILBO in Korean*

*31 Dec 95 p 2*

[Report by Yu Yong-won]

[FBIS Translated Text] The United States and North Korea reportedly had an unofficial working-level contact at the conference room of the Military Armistice Commission in Panmunjom on the afternoon of 30 December, in connection with the plan for a North Korean delegation to visit Hawaii in January 1996 to discuss the return of the remains of U.S. soldiers. U.S. and North Korean field officers attended the meeting.

The United States and North Korea discussed the details of the delegation's itinerary and members of the delegation. The U.S. officers reportedly requested that North Korea send a list of the delegation members as soon as possible.

**Dailies View U.S.-DPRK Jan Hawaii Contact**

*SK3012085995*

[FBIS Editorial Report] Local vernacular dailies on 30 December carry reports on the U.S.-North Korean official contact in Hawaii in the middle of January in 1996 to discuss technical matters connected with the return of U.S. soldiers' remains from North Korea.

KYONGHYANG SINMUN carries on page 2 a 200-word report by reporter Yi Sung-chol titled "North Korea, United States To Make Contact in Hawaii Next Month — May Be Discussing Food Problem as Well." The report cites a government official announcing this news, and adds: "However, our attention is drawn to the possibility of the two sides discussing other pending issues, such as the establishment of liaison offices and the food problem, although the official reason for the meeting is to discuss the issue of the return of the remains."

CHOSON ILBO carries on page 1 a 200-word report by reporter Ku Song-chae titled "First Visit to U.S. by a North Korean Military Officer." The report notes this will be the first visit to the United States by a North Korean military figure, and adds: "The visit to the United States by the North Korean delegation, including a military figure, draws our attention because it may be timed with the ROK-U.S. high-level policy consultative meeting to be held in Hawaii on 24 January."

CHUNGANG ILBO carries on page 1 a 400-word report by reporter Pae Myong-pok titled "North Korea, United States To Make Official Contact Early Next

Month." The report notes: "Although North Korea and the United States put forth the discussion of the issue of returning U.S. soldiers' remains as a reason for the official contact in Hawaii, it has been learned that the two sides will hold comprehensive discussions connected with the improvement of relations between the two sides, such as the establishment of liaison offices between North Korea and the United States and food aid."

HANGUK ILBO carries on page 1 a 500-word report by reporter Son Tae-kyu titled "The First Visit to the United States by a Senior North Korean Military Officer." The report notes: "This attracts our attention since the first visit to the U.S. by a North Korean military figure is a full-fledged military contact between the two countries, with the ROK out of the way." The report notes how the details, including the itinerary, of the North Korean delegation's visit to the United States were agreed upon between the two sides through a diplomatic channel in Washington and through a contact between the Military Armistice Commission secretary Colonel (Aums) of the United Nations Command and the delegate of the Korean People's Army mission in Panmunjom on 26 December.

MUNHWA ILBO carries on page 1 a 500-word report titled "North Korea, United States To Make Official Contact in Early January." The report cites a remark by an unidentified source stating: "It is noteworthy that the two sides are meeting at a time when discussion is underway concerning the establishment of liaison offices between North Korea and the United States." The report interprets this to suggest that in addition to the discussion of the return of the remains, the two sides may hold comprehensive discussions on relations between the two countries. The report cites the U.S. side's denial of the possibility of discussion of issues other than the return of the remains.

**Talks To Cover Many Issues**

*SK3012093195 Seoul CHUNGANG ILBO in Korean*  
*30 Dec 95 p 6*

[Article by reporter Pae Myong-pok: "Symbolic Signal for Improvement of DPRK-U.S. Relations — Significance of DPRK-U.S. Official Contact in Hawaii Next Month"]

[FBIS Translated Text] The official contact between North Korea and the United States slated for early next month in Hawaii appears to be a symbolic signal in improving North Korea-U.S. relations. It also seems that improved ties will be pushed for fully in the future.

Although it has been learned that the upcoming meeting will be a working-level contact to discuss technical



problems concerning the repatriation of remains, the fact that North Korean and U.S. officials will sit face-to-face with each other for the first time on U.S. territory, Hawaii, is itself of sufficient significance that it cannot be overlooked. Moreover, the talks will be held at a delicate time when the possibility of improvements in North-South relations and in DPRK-U.S. relations are sought in the wake of the establishment of liaison offices between the DPRK and the United States and of the U.S. plan to also lift its sanctions against North Korea, a development expected to take place next year. Thus, the talks are attracting people's attention.

Negotiations for the repatriation of remains between the two countries, which began with a working-level diplomatic officials' contact held in Beijing in 1987, led to New York talks in 1989. However, the talks have been inevitably limited to negotiations between the North Korean mission to the United Nations and associations in the U.S. of American veterans who participated in the Korean War. In February 1993 the U.S. State Department revealed its basic stance that "negotiations for repatriation of the remains should be carried out through the Military Armistice Commission in Panmunjom pursuant to the Armistice Agreement." As a result, the negotiations continued through formal channels of the Armistice Commission.

The Hawaii talks are also basically an extension of these channels. Therefore, it has been learned that relevant officials from the Armistice Commission will participate in the talks. However, the fact that the United States issued visas to North Korean Government officials and plans to hold an official contact with them in the U.S. gives added significance to the Hawaii contact, compared to previous talks.

The external reason for holding talks in Hawaii is that the U.S. Army Central Identification Research Institute [USACIL] [English acronym, expanded name as published], which is a professional U.S. organization for identification of remains, is located in Hawaii. In negotiations over the repatriation of remains in the past, there was considerable friction between the two nations over the issue of identifying the remains. About 200-odd remains were turned over to the U.S. side from 1990 to the present. However, it was learned that of these remains, only 10 remains were identified as U.S. soldiers killed during the Korean war. Some were even identified as animal bones. Thus, North Korea has been criticized for attempting to sell even bones in order to make money. This being the case, working-level officials from the two sides are to discuss the issue of professional identification techniques during upcoming talks. Nevertheless, relevant officials in diplomatic and security domains unanimously point out that the issue

of repatriation of the remains will not be the only issue to be discussed during the talks.

They also noted that the two sides share the common view that the atmosphere favorable for improving overall relations, created following the settlement of the light-water reactor agreement and repatriation of the "86 Usong" crewmen, should be continuously maintained, and their common view worked as the background for realizing an official contact in Hawaii. This was proved by the fact that senior delegates of the two countries to upcoming talks will be government officials with political weight. This is why observers speculate that they will also discuss in a natural manner such impending political issues as establishing liaison offices.

Thus, the people's attention is focused on whether the Hawaii negotiations for the repatriation of remains will work as a stepping stone for establishing diplomatic relations between North Korea and the United States, as seen in the case in which the United States established diplomatic relations with Vietnam after 31 rounds of negotiations for the repatriation of remains.

#### **U.S. Plans Talks With North on Scud Missiles**

*SK3112031295 Seoul CHOSON ILBO in Korean  
31 Dec 95 p 1*

[By reporter Ku Song-chae]

[FBIS Translated Text] It was learned on 30 December that the United States is planning to hold separate negotiations with North Korea as early as the first half of next year, to discuss the issue of North Korea's Scud missile export. It seems that in the negotiations with North Korea, the United States will deal with the issue of North Korea strengthening overseas export of the Scud missile as a means to secure its financial resources to overcome its current food shortage and crude oil shortage.

On 30 December, a government source said: "The United States recently notified our government of this position. The United States has not finalized the level of U.S.-DPRK contact, but rather than a New York contact through the U.N. Mission, it is highly likely that it will be held in the form of separate secret negotiations in North Korea or a third country."

In this connection, the United States is of the position that to develop U.S.-DPRK relations, North Korea must abide by the Missile Technology Control Regime, which is a system that bans the export of weapons. It was also learned that the United States is strongly requesting through a diplomatic channel that North Korea exercise self-restraint in the export of the scud missile.



**Article Assesses Significance**

*SK3112041195 Seoul CHOSON ILBO in Korean  
31 Dec 95 p 2*

[Article by Ku Song-chaе]

[FBIS Translated Text] The United States and North Korea will begin negotiations on North Korea's export of Scud missiles as early as the first half of 1996. This is interpreted as a measure to bring North Korea into the international order in terms of conventional weapons, following the settlement of the nuclear issue.

The negotiation is significant because it will be held as an extension of the Geneva and Kuala Lumpur nuclear agreements.

The Scud missile, like the nuclear issue, is another means for North Korea to maintain its regime. In economic terms, the Scud missiles earn crude oil and hard currency for North Korea. Therefore, it is doubtful that the United States will gain the level of control it intends. North Korea will obviously ask for "something big" in return for the ban on the missile export.

Due to the nature of the arms transaction business, the status of North Korea's Scud export is unclear.

The ROK Government believes that North Korea is spurring on the export of the Scuds to overcome the recent food shortages. Major buyers are Iran, Pakistan, and Central and South American countries, such as Peru.

A government official said on 30 December: "North Korea is improving the precision of the products and actively developing overseas markets. The official said that North Korea's recent purchase of anti-air guns from Kazakhstan is for the supply of parts.

The concern about the proliferation of the Scud is not as international as the concern about nuclear proliferation. Japan and Middle-Eastern and Central American countries are directly concerned countries. The United States has to consider the power structure in the respective regions. For instance, Iran's purchase of North Korean Scuds would have a restraining effect on Iraq.

Considering these factors, the U.S.-North Korean negotiations are expected to be held in secrecy. An ROK Government official said that the United States recently conveyed its concern to North Korea about the proliferation of the Scud missiles.

In this regard, the upcoming contacts between the North Korean and U.S. delegations in Hawaii on 9 January is also significant. The North Korean delegation includes military cadres, arousing the speculation that there will be initial exchanges of opinions. The ROK Government is, of course, stating that the meeting is a mere working-

level contact to discuss the return of the remains of U.S. soldiers.

The ROK and the United States already had rounds of consultations on restraining the proliferation of North Korea's Scuds. A typical example is the visit by John Holum, director of the U.S. Arms Control and Disarmament Agency, to the ROK on 14 December. Director Holum and concerned ROK officials had in-depth discussions on ways to control North Korea's export of conventional weapons.

In particular, North Korea's Scud issue is directly connected with the issue of revising the "ROK-U.S. Memorandum of Understanding on Missiles," which limits the ROK's range of missile development. The ROK Government reportedly stated at the meeting that "the memorandum is prohibiting us from developing long-range missiles, while North Korea is working on it," and asked the U.S. Government to strongly press North Korea on the Scud export issue.

The final date and place for the U.S.-North Korean Scud negotiations have not been decided. The two countries are reportedly negotiating the date and place through diplomatic channels.

The United States is expected to further ease trade sanctions on North Korea in the first half of 1996, and the two countries are expected to exchange liaison offices in the second half. The speed will depend on the Hawaii meeting, and the future Scud negotiations.

The ROK should ensure that its position is not hampered during the course of U.S.-North Korean negotiations.

**Delay in DPRK-U.S. Liaison Offices Viewed**

*SK3112120795 Seoul TONG-A ILBO in Korean  
31 Dec 95 p 7*

[Article by Washington-based correspondent Yi Chae-ho: "North Korea-U.S. Liaison Offices"]

[FBIS Translated Text] Although it has been a year since U.S.-DPRK experts talks were held in Washington on 9 December 1994 and the two sides reached agreement in principle to establish liaison offices in each others' countries, nevertheless 1995 passed without liaison offices being established. There was various speculation as to when the offices would be established.

The explanation by the U.S. Government concerning the reason for delaying the establishment has been consistent. That is, a few technological problems were not resolved.

However, the U.S. State Department has not officially given any explanation of what these "technological



problems" are. The remarks presented by relevant officials so far can be summarized into the following issues: The issue of the site of the liaison office; the issue of delivering diplomatic pouches of the U.S. side through Panmunjom; and the issue of security facilities and the prevention of wire-tapping in the liaison office.

These problems do not necessarily work as obstacles equally for both sides. Although the United States still has a political procedure for prior consultations with the ROK Government, it has in actuality completed all preparations required for establishing a liaison office. A long time ago Richardson was nominated as the first-term head of the U.S. mission, and some U.S. State Department officials who will work in Pyongyang are on standby in Seoul. The problem is on the North Korean side. It has been learned that North Korea has not completed its preparations. Although the survey team to select the site of a liaison office visited Washington three or four times, it has not finalized selection of the site and building. For a long time reports had it that some members of North Korea's Peace and Disarmament Research Institute, who are familiar with U.S. affairs, and several diplomats from the North Korean mission at the United Nations were tentatively nominated as members to work in the North Korean liaison office in Washington. However, their concrete movements have not been observed.

Diplomatic sources in Washington point out that the reasons for the North Korean side delaying preparations are its difficulties in securing sufficient funds required to establish the liaison office; its failure to build a foundation for support of North Korea within the Korean community in the United States, such as the General Association of Korean Residents in Japan; and its worries about the possibility of wiretapping by U.S. intelligence organizations on activities of its liaison office.

Some observe that North Korea is delaying the opening of a liaison office for a strategic purpose. That is: North Korea's motive for establishment of a liaison office is to open a main channel for direct dialogue with the United States. Therefore, North Korea is delaying the establishment until it obtains a practical guarantee from the U.S. side on progress in relations.

It will not be easy even next year to predict when the liaison office will be set up. The United States can hardly ignore the voice of the ROK Government hoping that progress in North-South dialogue and in North Korea-U.S. relations will be made at least in parallel with each other. The dominant view of the Republican Party in the U.S. Congress is similar to this voice. There is also a possibility that North Korea will

link implementation of the light-water reactor agreement with the establishment of liaison offices.

#### **U.S. Paper's Call for Food Aid to DPRK Cited**

*SK3112020195 Seoul YONHAP in English  
0145 GMT 31 Dec 95*

[FBIS Transcribed Text] New York, Dec. 30 (YONHAP) — THE NEW YORK TIMES called on the American citizens Saturday to make a more generous response to the plight of North Korea where millions of people are facing famine not only for national interests, but also from a humanitarian perspective.

In an editorial, the paper reminded those who are opposed to food aid to the reclusive Stalinist country of the suprapartisan tradition of providing relief aid to peoples facing famine, ignoring ideological issues.

Alleging that South Korea, China and the United States, which are most interested in avoiding a political confusion in North Korea, are restraining food aid to the North, the editorial charged that Seoul and Beijing are using food aid as a weapon to gain diplomatic concessions.

Ordinary North Koreans are paying an enormous price for their regime's mistaken economic policies, diplomatic provocations and now natural disasters, the editorial added.

#### **Seoul's Moves To Seek Ways To Aid North Viewed**

*SK2912064395 Seoul HANGYORE SINMUN  
in Korean 28 Dec 95 p 2*

[Article by reporter Yi Sang-ki: "Voices Calling for Aid to North Korea Are Increasing Within the Government"]

[FBIS Summary] "The government has recently reviewed ways to provide aid for North Korea's flood damages and, accordingly, it is likely that the government's aid to North Korea will soon become a reality.

"Particularly, the settlement on 26 December of the issue of returning the crewmen of the Usong-ho ship, which had been a stumbling block in providing aid to North Korea's flood damages, will have a positive effect in giving aid North Korea."

The issue of giving aid to North Korea for its flood damages was approved by President Kim Yong-sam last September. However, at the final stage, the issue was frustrated by a strong opposition from the ruling party which was aware of next year's general elections.

However, now that the issue of returning the crewmen of the Usong ship, which was one of the preconditions for aid to North Korea raised by our government, has



been settled by the North Korean side, the "ball" is on the South Korean court.

Of course, it is true that our side's additional preconditions for providing aid to North Korea, such as "North Korea's official request for aid" and "the end of its slandering against the South" have not been met. However, these preconditions have not been "any particular issue," but "a protracted, routine issue" which has continued in North-South relations for over 40 years.

During his inauguration remarks, Kwon O-ki, minister of national unification and deputy prime minister, said "we should not oppose giving aid to North Korean residents simply because we hate North Korean authorities" and "I will discuss the issue of giving aid to North Korea." It is believed that such remarks by Deputy Prime Minister Kwon are "very suggestive."

Along with this, "the recent moves of the U.S. and Japanese Governments to actively seek ways to aid North Korea have become a great deal of burden to our government's position of refusing aid to North Korea."

In view of the recent changes in the situation at home and abroad, it is anticipated that a final decision on giving aid to North Korea will be made in the high-level policy conference among the ROK, the United States, and Japan to be held in the United States in January next year.

It has been learned that the government will actively review ways to promote such civilian organizations as the ROK Red Cross Society and religious groups to aid North Korea and, at the same time, will hold a meeting of relevant ministers to hear their views on this in January next year.

#### **Rice Aid Said Contingent on Fact-Finding Work**

SK3012094195 Seoul YONHAP in English  
0843 GMT 30 Dec 95

["Seoul Can Resume Rice Aid to North If Fact-Finding Work Is Allowed" — YONHAP headline]

[FBIS Transcribed Text] Seoul, Dec. 30 (YONHAP) — Foreign Minister Kong No-myong announced Saturday that South Korea can resume rice aid to North Korea if fact-finding work about the North's food situation is realized first and if it is secured that the food will not be used for military purposes.

Meeting with reporters, Kong said, "If a fact-finding probe into North Korea's food situation confirms that the communist country is in a dangerous situation due to food shortage, it will be inevitable for us to resume rice aid."

He added that South Korea will discuss the issue at the high level officials' policy consultative meeting of South Korea, the United States and Japan which is scheduled to be held for two days in Hawaii from Jan. 24 next year.

His remarks are hinting that South Korea has changed its policy about the rice aid to the North.

So far, South Korea has said that unless North Korea basically changes its policy towards the South, South Korea cannot resume rice aid.

#### **Seoul Urged To Play Leading Role in North Aid**

SK3112095995 Seoul HANGUK ILBO in Korean  
31 Dec 95 p 5

[Article by Ko Tae-song: "ROK's Leading Role in the International Community's Aid to North Korea"]

[FBIS Summary] The government has revised its principles and policy concerning supplying food to North Korea.

The government has so far maintained the position that it will provide food aid to North Korea only if a considerable degree of progress is made in North-South relations. However, it has now moved in the direction of actively participating in providing food aid to North Korea together with the international community.

During a news conference with reporters on 30 December, Foreign Minister Kong No-myong put forward two preconditions concerning additional aid to North Korea: One is that the seriousness of North Korea's food shortage situation should be confirmed by a reliable international organization because there are various assessments concerning the North Korean food crisis and flooding, and the other is that North Korea should not stockpile nor use rice provided by the international community for military purposes.

It is true that some government officials still have a negative view toward providing rice to North Korea. The two preconditions presented by the government clearly show this.

As a result of the presentation of the new preconditions for rice supply, the three countries — the ROK, the United States, and Japan — cannot but play a key role in providing rice to North Korea.

There are two reasons why the three countries should play a key role in providing rice to North Korea: One is that in providing rice to North Korea, the three countries should maintain the cooperation system to effectively deal with North Korea in case it has hidden intentions, and the other is that because North Korea has tried



to avoid directly holding meetings with South Korea, by including the United States and Japan in providing rice to North Korea, South Korea can to some extent maintain dialogue channels with North Korea.

The government is newly preparing to provide rice to North Korea due to the humanitarian principle that it should help fellow countrymen. Also, it cannot ignore world opinion calling on the government to provide aid to North Korea under a situation in which it has become a non-permanent member of the UN Security Council.

Such a change in the government's position may raise issues, considering aggravated North-South relations, North Korean-U.S. relations, and North Korean-Japanese relations. Therefore, the prospects for providing rice to North Korea can be changed, to good or bad, depending on what North Korea plans to do with the rice.

**Aid to DPRK 'Likely To Involve Imports'**  
*SK3112023195 Seoul THE KOREA HERALD*  
*in English 1 Jan 96 pp 8, 9*

[By staff reporter Kang Yun-sun]

[FBIS Transcribed Text] While a famine is pounding North Korea, something more than hostile inter-Korean political relations may stand on the way for South Korea to extend additional food aid.

That obstacle is the South's thinning rice supplies.

South Korea's rice output for the 1995-1995 grain production year marked a 15-year low at 32.6 million sok (4.7 million tons), as announced earlier by the Ministry of Agriculture, Forestry and Fisheries.

Rice reserve as of October stood at 4.72 million sok (680,000 tons), which fell short of 5.97 million sok (860,000 tons) projected earlier in the year. The reserve includes carryover from last year but does not include the 1995 rice import of 51,000 tons, for use in processed food. One sok is equivalent to 144 kg.

The current reserve amount barely meets a guideline by the Food and Agricultural Organization (FAO), that a country should maintain enough to meet two months' consumption. For South Korea, the recommended amount is 6 million sok (864,000 tons).

Should South Korea decide to respond to the North's recent call for international help in feeding its hunger-stricken populace, the aid is likely to involve imports, hinted several high-ranking agricultural officials yesterday.

**Chongnyon Said Unable To Keep Financing North**  
*SK3012141895 Seoul MUNHWA ILBO in Korean*  
*25 Dec 95 p 6*

[Article by Pak Yong-myong from the "Tokyo Correspondence" column]

[FBIS Translated Text] The two major Korean national financial organizations in Japan — the Sangun Credit Corporation, which was founded mainly by pro-ROK businessmen, and Choun Credit Union, which was formed chiefly by pro-Chongnyon [General Association of Korean Residents in Japan] businessmen — are currently experiencing difficulties due to insolvent bonds caused by the collapse of the bubble economy, just as are other Japanese financial organizations.

The pro-Chongnyon Choun Credit Union was formed in 1952. In the 43 years since its founding, the Union has established 180 branch stores in 38 prefectures, cities, and counties in Japan, and has expanded its business activities. Thus its business has grown to make its total credit amount to 3 trillion yen, even exceeding North Korea's GNP, which amounts to \$20 billion [approximately 2 trillion yen]. Although each branch of the union is outwardly operated independently as "a regional credit union," this financial organization can be termed the largest credit union throughout Japan, in view of the single systematic management by Chongnyon.

The problem is that the Choun Credit Union, which took pride in its might of unity and character, has now been damaged by the collapse of Japan's bubble economy. There are a total of 288 credit unions in Japan. Of these, 23 unions are at the "danger point," nearing bankruptcy due to insolvent bonds, and 10 out of 23 unions belong to the Choun Credit Union.

Before the collapse of the bubble economy, Chongnyon was a precious financial resource for North Korea. Whenever functions were held in its home country, Chongnyon sent "donations" to North Korea in response to its requests.

In particular, the Choun Credit Union, which had been growing smoothly in the 1980s, served as Chongnyon's "cash box" and played the role of financially supporting the Kim Il-song regime.

It was learned that during the International Festival of Youth and Students in Pyongyang in 1989, Chongnyon donated 8.3 billion yen, and 4.5 billion yen during President Kim Il-song's 80th birthday in 1992.

However, its "power of mobilizing funds" has now reached the limit. Even the Japanese Government had failed to grasp the precise amount of money sent



to North Korea by pro-North Korean businessmen in Japan.

The remarks of the director of the Japanese Public Security and Investigation Agency in 1993 to a Japanese Diet Committee, revealing that "the amount is expected to be between 60 and 80 billion yen each year," serve merely as a reference point for the exact amount of money sent to North Korea by Koreans in Japan.

Experts in North Korean affairs have observed that Chongnyon no longer has sufficient reserve funds to send to North Korea due to economic stagnation. As the result, "the amount of money it has sent lately has been even less than half the amount it used to send."

According to information from the Japanese Ministry of Justice, of the total 680,000 Koreans residing in Japan, 240,000 are North Korean citizens, and Chongnyon members who have pledged loyalty to North Korea are known to number 180,000. However, their numbers are decreasing every year. This decrease was prompted by the death of the first generation of Korean residents in Japan and by secession of the second and third generations from the organization due to frequent demands for money from North Korea, Kim Il-song's death, and increased international criticism of North Korea touched off by its nuclear issue, and so forth.

Because of its chronic economic crisis, food shortages, and flood damage the North Korean economy is falling into the worst crisis in its history. Needless to say, the North Korean authorities are eager to overcome the crisis with funds provided by Chongnyon from Japan. However, since the Choun Credit Union is under pressure from the great amount of insolvent bonds, and since Chongnyon, its mother organization, has been weakened, North Korean authorities can hardly expect support from Japan.

#### **Government Issues 86 Usong Investigation Report**

*SK0201084696 Seoul CHOSON ILBO in Korean  
31 Dec 95 p 7*

[Report on ROK Government investigation of the 86 Usong incident; released on 30 December]

#### **[FBIS Summary]The Complicated Circumstances of the Abduction of the 86 Usong**

(Statement by the crew) The 86 Usong left Inchon along with its master ship 85 Usong at around 1300 [0400 GMT] on 21 April 1995 to fish in the West Sea [Yellow Sea]. "However, because of a bad catch, the ship crossed over the fishing restriction line on purpose on 24 May and began fishing there." On 27 May, 85 Usong was caught by a PRC fishing guide boat and was towed into the port of Yongsong on the Shandong Peninsula.

Accordingly, 86 Usong, which unable to cruise alone, followed 85 Usong to the Shandong Peninsula and waited at sea six to seven miles off the peninsula.

At around 1400 [0500 GMT] on 29 May, 85 Usong Captain Kim Chang-kun directed 86 Usong Captain Pak Chae-yol (papers list the captain as Kim Pu-kon, but the actual captain is Pak Chae-yol) to return home along a heading of SSE 160 degrees and using the assistance of a naval patrol ship he was to contact. Kim Pu-kon said: "Since the 86 Usong's compass drifts approximately 30 to 40 degrees, cruise at a heading of SSE 160 degrees for about five or six hours, then cruise at a heading of 100 to 110 degrees. You will reach Moktok or Kyongnyolbi Islands early tomorrow morning (30 May)." However, 86 Usong Captain Pak Chae-yol thought he had been ordered to cruise at a heading of SE 135 degrees, so upon leaving the outer port of Shandong Peninsula at 0530 [2030 GMT] on 29 May, he sailed on a heading of SE 135 degrees rather than on a heading of SSE 160 degrees.

At the 85 Usong captain's direction, 86 Usong reported its heading (which was SE 135 degrees) to an ROK naval vessel, which directed 86 Usong to change its course to a heading of 100-110 degrees; 86 Usong changed its course as the vessel directed. At around 2100 [1200 GMT], 86 Usong reported to the naval vessel that its vision was impaired because of thick fog and asked if it was cruising along the correct heading. The naval vessel told it to continue cruising along a heading of 100-110 degrees, so 86 Usong continued to cruise, still in communication with the naval vessel.

At around 0820 on 30 May [2320 GMT on 29 May], 86 Usong called the patrol vessel and reported that a lighthouse, tens of PRC fishing boats, and a large merchant ship were visible. The patrol ship answered: "We are now carrying out our duty of controlling PRC fishing boats." At around 0830, 86 Usong reported to 85 Usong that the islands before them did not seem to be Moktok or Kyongnyolbi Islands; 85 Usong directed 86 Usong to turn in the opposite direction and leave the area. The naval vessel, the patrol ship, and the Inchon Fisheries Cooperative notified 86 Usong that "it had headed north" and directed it to "leave in a hurry." Thus, 86 Usong cruised for about two and a half hours "at full speed" with the islands on its left.

At around 1230 [0330 GMT] on 30 May, 86 Usong mistook a North Korean patrol vessel was cruising toward 86 Usong to be an ROK naval ship and approached. However, when it spotted the North Korean flag, 86 Usong rapidly turned in the opposite direction and "beat a hasty retreat." At around 1240 [0340 GMT], the North Korean patrol vessel fired rifles and guns at 86



Usong. Crewmen Sim Chae-kyong and Sin Hung-kwang were killed at that time, and Pak Chae-yol and Kim Pu-kon were injured. "The North Korean patrol vessel captured 86 Usong, which was now unable to maneuver because the steering room, compass, and funnels were destroyed."

#### **Result of the Probe by the Joint Investigation Team**

If 86 Usong had cruised at a heading of 135 degrees for six hours and on a heading of 100-110 degrees for 18 hours using a normal compass, it should have reached Kyongnyolbi Island. However, in light of the deviation of the ship's compass, the 85 Usong captain directed 86 Usong to cruise along a heading of SSE 160 degrees, which the 86 Usong captain mistook to be SE 135 degrees; because of its "lack of cruising capability," 86 Usong did not notice the compass deviation. As a result, it actually cruised along a heading of 95-105 degrees and turned to a heading of 60-70 degrees, entering North Korean waters.

The 86 Usong is a fishing boat that follows its master ship, 85 Usong, and has no major navigation equipment, only a wireless radio and compass. Thus, it cannot cruise alone. Aware of the deviation of its compass, Captain Pak Chae-yol "requested a new compass from the owner of the ship and the purser, but his request was denied." "Virtual Captain Pak Chae-yol does not have a certificate of competency in seamanship, and nominal Captain Kim Pu-kon has little experience in ocean going voyages."

North Korea captured 86 Usong on 30 May and towed it to an unidentified island, where the ship stayed approximately five days. The ship was then taken to Nampo, where North Korea investigated the crew. North Korean investigators "pressed the crew excessively hard for an explanation of their intrusion into North Korean waters," saying: "There is no way to confirm that the compass was out of order because it was destroyed." They asked: "You came to the North with a mission assigned by South Korea, did you not?" Unable to find anything unusual during the investigation, North Korea accepted the crew's explanation and denounced the owner of the ship for turning down the captain's request for a new compass.

While "running away despite the North Korean patrol vessel's order to stop," Sim Chae-kyong and Sin Hung-kwang were shot, dying from their wounds. All six survivors suffered diarrhea while staying in Nampo, and five (except Yi Il-yong) were cured after receiving medicine. Yi's health worsened, causing him to be hospitalized on 28 August and dying that evening. The three bodies were preserved in a deep freezer at the Kim Man-yu Hospital in Pyongyang. Before returning

to Seoul, the crew "demanded they carry the bodies." However, North Korea cremated them at an unidentified location in Pyongyang around 25 December.

North Korea "forced the 86 Usong crew to admit five times to their illegal intrusion into North Korean waters" via a news conference, round-table talks, and a press statement, thus "justifying the North's legal treatment of the crew and using this as a card for South-North dialogue and as a means of propagandizing its system." The crew "held a news conference and other events, practicing tens of times in accordance with manuscripts prepared by the North."

The crew toured 30 scenic points, including Kim Il-song's birthplace in Mangyongdae, the Tower of the Chuche Idea, and Mount Kungang, and had daily one-hour ideological education sessions on the chuche idea, North Korea's reunification proposal, and the socialist system. They also watched some 40 propaganda movies, such as "Nation and Destiny" and "Sea of Blood," and learned 10 "revolutionary songs," such as the "Song of General Kim Il-song," for an hour per week.

The crew stayed at the Nampo Port Inn, Pyongyang Changgwangsan Inn, Wonsan Songdowon Resort, and Pyongyang Koryo Hotel. They had "comparatively good meals," received various medical treatment, and "were warmly received."

#### **More North Koreans Said Crossing PRC Border**

*SK3012051095 Seoul SEOUL SINMUN in Korean  
30 Dec 95 p 2*

[Report by Pak Chan-ku]

[FBIS Translated Text] It has been learned that the PRC authorities are intensifying their patrol along the Sino-North Korean border because of a rapidly increasing number of North Korean residents who are escaping North Korea crossing the Sino-North Korean border these days.

This has been revealed in Defense Minister Yi Yang-ho's report on the recent North Korean trends to the high-level party-government policy coordination meeting held behind closed doors at the ruling New Korea Party (NKP) premises in Yoido, Seoul on 28 December.

A key NKP official on 29 December said, "A noteworthy point in the defense minister's report was that the Chinese authorities are intensifying their guard along the border to stop the North Korean residents from crossing the border seeking refuge in China." The NKP official, however, did not elaborate on the specific number of refugees.



The NKP official added: We understand that the government's view is that North Korea's recent stepping up of military training has little to do with its food shortages.

In the meantime, NKP Chairman Kim Yun-hwan, in his New Year's address also distributed on 29 December, gave unusual attention to the security issue and stressed the strengthening of our Armed Forces' security posture toward the North and the internal unity of the party.

**'At Least' 70 DPRK Loggers Escape Siberia**

*SK3112013395 Seoul KBS-1 Radio Network  
in Korean 2200 GMT 30 Dec 95*

[Report by Yi Myong-ku from Berlin]

[FBIS Translated Text] At least 70 North Korean loggers who are forced to labor in Siberia reportedly escaped from a concentration camp. Quoting an Amnesty International's Human Rights Committee official, DER SPIEGEL, a German weekly magazine, reported in its New Year's edition that about 70 North Korean loggers were reported to the Russian police to have fled and that the actual number of escapees exceeds 70. The magazine interviewed an escaped logger hiding in Russia, who said that the loggers who fled live in horror every day, being persistently chased by North Korean security agents.

In 1993, Russia banned the operation of the North Korean State Security Department agents in Russia, but the agents are reportedly continuing the pursuit of the escaped loggers. DER SPIEGEL pointed out that the ROK diplomats in Russia are indifferent to the loggers' wish to defect to the ROK, and assessed that the ROK is concerned about an occurrence similar to the exodus of East German people following the opening of the Hungarian border in 1989.

**Declaring Territorial Waters 'EEZ' Considered**

*SK2912073195 Seoul YONHAP in English  
0637 GMT 29 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP) — South Korea is considering declaring a 200-nautical-mile Exclusive Economic Zone (EEZ) early next year to secure sovereign right of waters around the country in accordance with the United Nations Convention on the Law of the Sea, a Foreign Ministry official said Friday.

The government has already secured ratification of parliament on the Convention on the Law of the Sea and will present the ratification to the United Nations next month, the official said.

Seoul, however, will have to closely consult Japan and China before declaring such a zone, he said, adding that

both Tokyo and Beijing are also considering declaring EEZs early next year.

He would not elaborate on when Seoul will declare the EEZ but added that the timing will be closely related to Japan's move to declare one in late January.

South Korea proclaimed a 12-nautical-mile territorial sea in 1977, signed an agreement with Japan in 1978 on the control of continental shelf and declared a 12-nautical-mile contiguous zone in 1995.

The UN Convention on the Law of the Sea allows member countries to declare an EEZ so they could enjoy comprehensive sovereign rights over marine and seabed mineral resources within the exclusive economic zone.

The only difference between TERRITORIAL WATERS and an EEZ is that passage by foreign boats and airplanes through an EEZ cannot be interrupted.

Currently, 95 countries have proclaimed EEZs, 15 countries have declared 200-nautical-mile exclusive fishing zones and 11 nations have declared 200-nautical-mile territorial waters.

The EEZ covers sovereignty over both marine and seabed mineral resources while the exclusive fishing zone covers only marine resources.

Japan declared a 200-nautical-mile exclusive fishing zone in 1977 to counter Russia's EEZ that was proclaimed the same year.

Japan and Russia, however, have yet to settle their dispute over where to draw a borderline along the northern islands, the ownership of which is still claimed by both countries.

When Japan declared its exclusive fishing zone in 1977, it did not apply it to waters bordering Korea and China. South Korea, Japan and China have separate agreements on fishing zones.

North Korea declared an EEZ in 1977, with China having yet to declare one.

The Yellow Sea dividing the Korean peninsula and China extends about 350 nautical miles at its widest. The East Sea [Sea of Japan] between South Korea's easternmost island of Tokdo and Japan's Okkido island extends 86 nautical miles.

**Defense Minister Inspects Frontline Troops**

*SK3112052195 Seoul SEOUL SINMUN in Korean  
31 Dec 95 p 3*

[By reporter Hwang Song-ki]

[FBIS Translated Excerpt] On the afternoon of 30 December, Defense Minister Yi Yang-ho inspected the



central and west frontline troops and revealed: "Recently, the North Korean military has been deploying Air Force planes and a large number of long-range guns to the front line. There is possibility of a provocation due to instability in its system and serious food shortage. Our military, under the firm ROK-U.S. combined defense system, has maintained thorough preparations to rapidly deal with any kind of situation at any time."

Minister Yi emphasized: "Whether North Korea takes a provocative attitude is dependent upon our readiness. During the wintertime operational posture, which ends in April of next year, our military will resolutely deal with any kind of provocation." [passage omitted on Minister Yi encouraging Vietnamese-Koreans serving in the Army]

#### **NKP's Efforts To Win Elections in Seoul Noted**

SK3012021995 Seoul THE KOREA TIMES in English 30 Dec 95 p 2

[By staff reporter Pak Sung-yong]

[FBIS Transcribed Text] The ruling New Korea Party [NKP] is going all out to ensure its candidates running in electoral districts in Seoul and its surrounding metropolitan area emerge as winners in next April's general elections.

The party believes that if it fails in the "Capital Circle" area, where 96 of the 299 National Assembly seats are at stake, it will not be able to realize its goal of being the majority party.

Particularly, the NKP is willing to stake everything it has on the Seoul races with the main opposition National Congress for New Politics [NCNP], which observers expect to make a strong showing. Forty-seven lawmakers will be elected in the capital city.

"We will do all we must to emerge victorious in Seoul, in particular, because the outcome of the Assembly elections totally depends on how well we perform there," Rep. Kang Sam-chae, secretary-general of the ruling party, said yesterday.

Observers said the NKP has devised election strategies for "betting all" on the metropolitan area.

The ruling party is concerned that its chances in Cholla and Chungchong Provinces are not very promising as the elections, regarded as a bellwether for the 1997 presidential poll, are expected to be swayed by longstanding regional rivalries as the June local polls were.

Kim Tae-chung, President Kim Yong-sam's archrival and a presidential hopeful, and his main opposition NCNP command overwhelming popularity in the south-

western Cholla area and the minor opposition United Liberal Democrats led by Kim Chong-pil in the central Chungchong area.

The ruling party, which managed to save face in President Kim's political base, Pusan and the southeastern Kyongsang-namdo area, in the last local elections has also been losing support in Taegu and its surrounding Kyongsang-pukto area, the hometown of two ex- Presidents Chon Tu-hwan and No Tae-u, since their arrest.

Under the current situation, the NKP, which holds 28 out of 34 Assembly seats from the area, will have to make up for probable loss there by winning more seats in other regions.

For a victory in Seoul, the NKP has already come up with various plans.

The observers said the recent news reports that the party is trying to persuade former Prime Minister Yi Hoe-chang and former lawmaker Pak Chan-chong to join it is closely related to the strategy.

The party is also exerting efforts to carry out a wholesale replacement of old lawmakers, most of whom were elected from the metropolitan area, by nominating young and reform-minded figures.

For this, it is putting pressure on those old lawmakers with deep relations with past authoritarian governments to give up their bids for running in the April polls.

Already, seven lawmakers in their 60s have declared that they will not seek reelection and several more are reportedly planning to follow suit. And scores of fresh figures, who appeal to voters in their 20s and 30s who make up over 60 percent of the electorate, are said to be in the pipeline.

#### **Dissidents Moving Toward 'Political Center'**

SK3012015695 Seoul THE KOREA HERALD in English 30 Dec 95 p 2

[By staff reporter David Cho]

[FBIS Transcribed Text] When Yi U-chae joined the ruling party, some called him a Communist, others called him a traitor. But Yi saw the opportunity of a lifetime.

Five years ago, it was inconceivable for someone like Yi, a prominent dissident fighting against established politics, to join the ruling party. But the enlisting of Yi and other radicals into its ranks shows how much both the ruling party and the dissident movement have changed since Kim Yong-sam became President. Godfather of the peasants [subt:ead]



Yi's dissident history can be traced back to his college days at Seoul National University, where he participated in various antigovernment movements and demonstrations.

As a dissident in the 1970s and '80s, Yi developed a particular concern for farmers and the lower classes. Because he worked to improve their standard of living, newspapers began to dub him "the godfather of the farmers."

During those years, Yi once said he dreamed of this country being dominated by "minjung" (a Korean word for the masses) composed of laborers, farmers and poor citizens. It was out of that ideal that Yi finally entered politics. Two years ahead of the 1992 general elections, he founded the Minjung (People's) Party.

The party was inaugurated on Nov. 10, 1990 with radical platform ideas such as the withdrawal of U.S. forces from Korea, the dissolution of business conglomerates (chaebols) and the disbanding of the Agency for National Security Planning, otherwise known as the Korean CIA.

At the time, Minjung Party leaders claimed to be the true voice of the masses. But it performed horribly in the 1992 elections, failing to win a single seat in the National Assembly. Under election law, any party that does not win a single seat, or obtain more than two percent of an election vote must be dissolved. The Minjung Party fell short of both criteria.

#### **A new opportunity**

After his Minjung Party experiment ended, Yi began to rethink his dissident activities. "In Korea, a leftist party like the Minjung can never gain political clout," Yi told THE KOREA HERALD. "Reform parties need to work practically for society instead of just criticizing (the government) or shouting their beliefs. When the Minjung Party was dissolved, I realized that."

So in 1994, when a group of ruling party reformists asked him to become the head of the party's Kumchon district chapter, Yi decided to accept their offer. He perceived that the most realistic way to bring about change in Korea was to reform from within the political system.

"I joined the ruling party to contribute to Kim Yong-sam's reform policies. Right now, it is the center of reform power and has influential people who are capable of truly reforming society," he said.

Yi must have also smelt opportunity when he was offered a position at the ruling party. One of the problems of the Minjung Party was its lack of funds. Yi admitted that now, under the ruling party's financial

backing, his office and political affairs are easier to manage.

Further, because he is the Kumchon district head, Yi will automatically receive a party nomination in next April's general elections.

#### **Moving toward the center**

Still, Yi's political realignment in 1994 was somewhat unusual.

Most dissidents, because they fought against the ruling camp most of their lives, join opposition parties when they decide to enter politics. Yi's decision to join the ruling party is somewhat like working for a former enemy.

But in fact, Yi is only one of many dissidents who were enlisted into the ruling camp over the last few years. Kim Mun-su, a radical labor union activist, Chong Tae-yun, the chief policymaker for a prominent civic group called the Citizen's Coalition for Economic Justice, and Yi Tae-pok, publisher of a labor newspaper, also joined the ruling party. All of them had, at one point in their dissident careers, fought against, or were imprisoned by, the ruling camp.

While it may seem like these former dissidents betrayed themselves and their friends, Prof. Yang Sung-ham of Yonsei University explained that the ruling party actually moved closer to their reformist views.

"The government's policy has fundamentally shifted in the last few years. Dissidents can now participate in the ruling party in good faith. Why? Because two things have happened: to widen its support, the government started to accommodate the position of dissidents, while dissidents began to accommodate the government's position." In other words, both a conservative ruling party and a left-wing dissident movement moved closer to the political center.

#### **A divided dissident movement**

Certainly, therefore, these dissidents also had to compromise to some degree in order to find common ground with the ruling party; and, during the interview, Yi openly admitted this.

"I had to compromise on some issues in order to cooperate with my colleagues. Being an extremist is not advisable here," he said. When he joined the party, Yi found himself in a peculiar situation. Some dissidents outside of politics thought he was a traitor, while conservative forces within the party accused him of being a Communist.



"I have to be careful," he said. "If I raise my voice too much, I may look like I am trying to start a fight between reformists and nonreformists."

Yi Pu-yong, a dissident-turned-politician in the opposition Democratic Party, observed that while Yi U-chae may have compromised on some issues, his innermost beliefs have remained the same.

"Yes, I think Yi compromised, but I don't think he gave up his beliefs. As you know, the political scene is quite different from the 1970s and '80s. The ideological divisions between the right and left have become blurred," he said.

While Yi Pu-yong's comments show how much the political right has changed, they also demonstrate that the dissident movement outside of politics has begun to crumble.

Yi Pu-yong and Yi U-chae actually worked together throughout the 1970s and '80s as dissidents; and both were jailed by the government. Yet both would say that working within the system is more practical in today's political atmosphere of reform. And here they are, one Yi in the opposition, and the other in the ruling party.

#### **Parties Feel 'Crunch' Since Slush Fund Scandal**

SK3112032795 Seoul THE KOREA HERALD  
in English 1 Jan 96 pp 2, 4

[By staff reporter Sin Yong-pae]

[FBIS Transcribed Text] A state subsidy, corporations' contributions, groups of financial promoters and party members' donations. Those are the money sources of the nation's ruling and opposition parties. The political parties have spent the money for their operation and other purposes, including election campaign funds.

The parties did not appear to be worrying much as far as campaign funds were concerned during the past parliamentary elections. But both ruling and opposition parties have been feeling a financial crunch since former President No Tae-u's slush fund scandal rocked the nation in October.

One of the reasons for their financial squeeze, political analysts say, is that businesses are avoiding donating political funds to the parties. After the scandal broke out, an association of big business groups declared that they would not provide politicians with illegal political funds. The decision dealt a financial blow to ruling and opposition parties because conglomerates have been the major financial backers of the parties. Now, the parties and their candidates for the parliamentary elections are racking their brains to find new financial sources.

The ruling New Korea Party estimates that it needs at least 70 to 80 billion won for the general elections in April. A party official contends that his party's plan to collect campaign funds from its financial supporters is being hamstrung as the supporters, most of whom are businessmen, are hesitating to finance the campaign fund.

As part of its effort to raise its campaign funds, the ruling party recently decided to sell the building of its municipal chapter office in central Seoul, estimated at 50 billion won. Party Sec.- Gen. Kang Sam-chaе said that without the money, it would be difficult for the central party to support its candidates. "The days when we enjoyed a premium in raising political funds are gone," he said.

Opposition parties are also complaining that they suffer severe financial difficulties. The main opposition National Congress for New Politics claims that its financial supporters are reluctant to donate to the party for fear that the prosecution launches probes into politicians' money sources.

To make up for fund shortages, the opposition party is urging party officials and members to donate party fees. Under the party regulation, key party officeholders are required to pay 500,000 won to one million won each per month and party lawmakers and party-affiliated mayors and governors 300,000 won. The opposition party headquarters also plans to hold a massive fund-raising event in Seoul next month and to ask its local district chapters to follow suit.

Another opposition party, the Democratic Party, is no exception. A party lawmaker said he has raised political funds through donations from his financial supporters but the amount sharply decreased after the slush fund scandal. To ease financial difficulties facing party candidates and lawmakers, the party said it will promote a campaign to hold inexpensive and fair elections.

#### **Paper Profiles Agriculture Minister Kang Un-tae**

SK0101042396 Seoul THE KOREA TIMES in English  
1 Jan 96 p 8

[Profile of Agriculture Minister Kang Un-tae by staff reporter Sim Chae-yun; from the "Figures in Focus" column: "Primary Emphasis in Agriculture To Be Put on Rice Self-Sufficiency"]

[FBIS Transcribed Text] The appointment of Kang Un-tae, 47, as the new minister of agriculture, forestry and fisheries in the Cabinet reshuffle Dec. 20 drew special attention.



A notable thing was that Kang was the youngest among the newly-appointed Cabinet members, representative of the image the Kim Yong-sam government was pursuing for reform and a generational shift.

The second one was that Kang was a high-class bureaucrat who rarely rose from poverty:

Born in a poor farming family in Hwasun in Chollanamdo, he entered Seoul National University without going through regular high-school courses.

Instead, he passed the state-run qualification test for university entrance, mainly given for underprivileged people.

Familiar with the difficulties of rural areas, Kang has deeper interest in agricultural and fishing reforms.

"I will try my utmost to encourage the morale of the farmers and fishers and promote their income to the level of their counterparts in developed nations," he said in an interview.

"The emergence of the World Trade Organization system poses tough challenges for us as it has brought about boundless competition," he said.

Under the circumstances, the rice market in particular has been vulnerable to possible foreign market access.

"We cannot overemphasize the importance of rice self-sufficiency at all as it is the staple food grain for our people and the main source of income for farming households," Kang said.

Rice self-supply is especially essential to social stability at this time when the nation confronts constant threats from North Korea, he added.

Kang noted that the ministry will do its best to ensure rice self-sufficiency by securing the necessary area for rice growing and developing new rice sorts.

He also underlined that the ministry will concentrate efforts to increase exports of agricultural and fishing products by enhancing the productivity of related businesses and households.

To this end, mechanized and scientific agricultural and fishing measures should be expedited through intensive assistance from the administration, said Kang.

Kang began his career as a public servant at the provincial office of Cholla-namdo in 1972, serving mainly in the Home Affairs Ministry and the presidential office of Chongwadae [presidential offices].

He worked as mayor of Suncheon City in Cholla-namdo in 1987-1989 and mayor of Kwangju City from Sept. 24, 1994 until June 30 this year.

Kang said that he will perform his duty with enthusiasm and unsparing efforts.

For his sharp-minded work performance, he is sometimes considered to have a strong elite consciousness.

But those who meet him personally say that he is very humble and courteous.

#### **Chon's Elder Brother Questioned on 'Slush Fund'**

SK2912055395 Seoul THE KOREA HERALD  
in English 29 Dec 95 p 1,10

[FBIS Transcribed Excerpt] Prosecutors yesterday called in Chon Ki-hwan, elder brother of jailed ex-President Chon Tu-hwan, for questioning on his role in the management of the former President's slush fund.

Prosecutors centered their questioning on whether the ex-President's slush fund had flown into the bank accounts and real estate being kept under the elder Chon's name.

Chon Ki-hwan, 66, was arrested and indicted in 1988 on charges of embezzling 2.7 billion won in funds from the Noryangjin Fisheries Wholesale Market which he once virtually owned.

Prosecutors said they would also summon Chon Chaekuk, a son of the humiliated ex-President, on suspicion that he was also involved in the management of his father's slush money allegedly collected from business tycoons and others while in office. [passage omitted on imposing exit bans on 39 for alleged involvement in scandal]

Prosecutors, who are tracing Chon's bank accounts and real estate, suspect that Chon had amassed at least 300 billion won (roughly \$380 million) in slush fund during his presidential term 1980-1988 and that he still keeps a huge sum left over.

Prosecutors are collecting evidence in a bid to add graft and treason to Chon's charges of having masterminded the 1979 military revolt. Chon was indicted Dec. 21. [passage omitted]

Meanwhile, in Kwangju, a team of prosecutors from Seoul continued an on-the-spot investigation for the second consecutive day, visiting several places where martial law troops and armed civilian protesters clashed. The places they visited included the Kwangju Prison, where there were shootouts, and a village on the southern outskirts of Kwangju, where some citizens claimed that martial law troops secretly buried bodies of civilian protesters they killed.

The prosecutors from Seoul also called in two witnesses, including a former police officer, to the Kwangju



District Prosecutor's Office to hear their testimonies on details of the situation of the bloody suppression of the civil uprising May 18-27, 1980.

Senior prosecutor Kim Sang-hi, chief of the Seoul prosecution team, said that prosecutors from Seoul may visit Kwangju any time to collect evidence when needed for the ongoing investigation.

Prosecutors are poised to indict some of Chon's cronies in mid-January for their involvement in the 1979 military mutiny, suppression of the Kwangju civil uprising or in the collection and management of Chon's slush fund.

#### **Chon's Multi-Billion-Won Account Discovered**

*SK3012031095 Seoul YONHAP in English*  
0253 GMT 30 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 30 (YONHAP) — The prosecution has discovered that former President Chon Tu-hwan stashed 102 billion won of his slush funds in an account opened at Korea Investment Trust Co. in the name of the presidential security service for 12 years until last October.

Prosecutors called one of Chon's in-laws, the former president of Korea Investment Trust Co. Yun Kwang-sun, in for questioning Saturday to find out how money flowed through the account.

Chon opened the account Oct. 25, 1983 to hide his illicit funds and closed it last October when the No Tae-u scandal became public.

The prosecution has executed a warrant to seize the records of this account and has recently begun examining them.

Chang Se-tong, Chon's former bodyguard, returned home Saturday morning after being questioned about his role in opening Chon's slush fund.

#### **Chon Tu-hwan Ends Month-Long Prison Fast**

*SK3012025095 Seoul YONHAP in English*  
0241 GMT 30 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 30 (YONHAP) — Former President Chon Tu-hwan, now hospitalized following a lengthy fast in prison, is quickly recovering his health, a physician said Saturday.

Dr. Yi Kwon-chon of the National Police Hospital, where Chon is undergoing treatment, said Chon ate the soup of rice and pickled radish that was brought from his home Friday evening, adding that Chon's symptoms of dehydration has almost gone.

"Everything is okay with him and Mr. Chon will be able to take thin rice gruel from Saturday evening and beef soup beginning Sunday," the doctor said.

Noting that the ex-president has thus ended his month-long fast, Dr. Yi said Chon seemed to feel better, quoting a joke Chon made Friday evening, "Well, now that my fast is over, I think all those who care about my health will have carefree holidays."

#### **'Rapidly Recovering His Health'**

*SK3112062095 Seoul YONHAP in English*  
0614 GMT 31 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 31 (YONHAP) — Jailed former President Chon Tu-hwan was rapidly recovering his health at the National Police Hospital in southern Seoul Sunday thanks to the food he resumed taking as well as medication.

"Chon has recovered his health sufficient enough this morning to relieve himself and wash his face by himself. He began to take gruel and Chinese date and radish soup this morning," Dr. Yi Kwon-chon said.

Chon started fasting on Dec. 3 when he was detained in Anyang prison in the southern suburbs of Seoul on charges of masterminding the December 1979 military mutiny, and was taken to the National Police Hospital on Dec. 21.

"In view of his advanced age, it may take a considerable time for Chon to recover completely, but there won't be any serious aftereffect," the doctor added.

The former chief executive received New Year's greetings Sunday from his second son, Chae-yong, and third son, Chae-man, who paid him sympathy calls for about five minutes from around 9:30 A.M.

Leaving the hospital, Chae-yong told reporters, "Father regretted for causing hardship to the family this year and wished us a happy new year."

Their mother, Mrs. Yi Sun-cha, may call on her disgraced husband in three days, he added.

#### **Report: No's Brother Received 800 Million Won**

*SK3012030095 Seoul YONHAP in English*  
0238 GMT 30 Dec 95

[FBIS Transcribed Text] Seoul, Dec. 30 (YONHAP) — Former President No Tae-u's younger brother, Chae-u, received some 800 million won from businessmen in the several years leading up to the jailed ex-president's 1988 inauguration, a prosecution investigative report said Saturday.



The report revealed that the money was given to Chae-u from 1980 to 1987 unconditionally apparently because he was the brother of a powerful member of the Chon Tu-hwan administration.

Chae-u reportedly admitted that businessmen gave him money in amounts ranging from several million to tens of millions of won each without any strings attached. "They (the businessmen) must have recognized that my brother was a powerful man," he told interrogators.

The investigative report was submitted to the Seoul District Court which is currently hearing a legal complaint charging former President No with graft.

The report also said that the ex-president called Chae-u to Chongwadae [presidential offices] in early 1988 and gave him three white envelopes containing a total of 8 billion won while telling him to "behave yourself and do all filial obligations to our parents."

#### **Government Pursues 'Soft Landing' of Economy**

*SK2612031695 Seoul YONHAP in English*  
*0153 GMT 26 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 26 (YONHAP) — The government plans to pursue a monetary policy that insures a soft landing of the national economy in 1996, as it descends from this year's peak of a business cycle that began in 1993.

More specifically, the government will take steps to gradually slow the economic growth rate from 9 percent this year to 7 percent next year.

This was the main issue for the first meeting of economic ministers under newly-appointed Prime Minister Yi Su-song, which was chaired by Deputy Prime Minister and Finance and Economy Minister Na Ung-pae Tuesday morning.

Major economic policy goals addressed in the meeting included stabilizing of prices for a gradual slowdown from the rapid economic expansion of 1995, narrowing the gap in growth rates between large and small businesses by beefing up support for small businesses susceptible to the on-going industrial restructuring program, continuing economic reforms to further improve the business climate, stabilizing the livelihood of the people and improving the quality of life, and continuing the globalization program.

To achieve these goals the government decided to continue business deregulation, provide more financial support for small businesses, and attempt to reverse the high-wage trend by encouraging housewives and retirees to join the labor force.

Programs will also be developed to ease urban traffic congestion and environmental conservation.

In accordance with the globalization program, the foreign investment market will also be expanded.

#### **Government Plans To Restrict Utility Charges**

*SK2612031995 Seoul YONHAP in English*  
*0221 GMT 26 Dec 95*

[FBIS Transcribed Text] Seoul, Dec. 26 (YONHAP) — The government plans to restrict public utility rate increases next year to help stabilize commodity prices, the Finance and Economy Ministry reported Tuesday.

The ministry will pay especially close attention to private university tuition hikes and subway and bus fares, all of which will be prohibited from raising without justification.

The ministry has reviewed the 32 public utility rate increases that have occurred in the past 15 years and discovered that they have risen 262 percent since 1980, or an average of 6.6 percent a year.

This is more than the increase in the consumers price index as a whole, which increased 227 percent during the same period, or 5.6 percent a year.

Since 1990 consumer prices have risen 134 percent or 6 percent a year, compared to 152 percent or 8.8 percent a year for public utilities, which means that the latter have outpaced inflation.

Since 1990, city bus fares have increased 18.7 percent; private university tuitions 14.7 percent; and subway fares 13.1 percent per year on average.

An official at the Finance and Economy Ministry also said, "Subway construction has meant the burden of too much borrowed money so we should find ways to reduce expenses, and private universities should seek more revenues from foundations. Bus companies should improve their management, for instance, by eliminating lines that run a deficit."

#### **Paper Views Economic Prospects for 1996**

*SK0101031696 Seoul THE KOREA TIMES in English*  
*1 Jan 96 p 19*

[FBIS Transcribed Text] Korea's passing the 100 billion-dollar export mark in 1995 is regarded as a sign that the nation is poised to rank among the world's economic giants.

The nation's export volume is estimated at \$126 billion by the end of 1995, an increase of 31.2 percent over the previous year. Imports were expected to reach 135.7 billion dollars, up 33.0 percent from 1994.



With this the nation is expected to oust China from its position as the 10th largest trading economy in the world. As of the end of October last year, China's total trade volume stood at 220.8 billion dollars, 7.5 billion dollars over Korea's.

It is certain that Korea will see some 16 percent growth in trade this year, albeit lower than last year's 17.2 percent forecast, recording a trade volume of around 300 billion dollars. The exact figures, though, vary from one think tank to another.

The Korea Foreign Trade Association (KFTA) predicts that the total trade amount will hit 302.3 billion dollars this year: 147.7 billion dollars in exports and 154.6 billion dollars in imports.

The Korea Institute for Industrial Economics and Trade (KIET) expects the amount to be modest \$298.7 billion, with 145.9 billion dollars in exports and \$152.8 billion in imports.

The Samsung Economic Research Institute (SRI), for its part, foresees a 307.2 billion-dollar total, exports and imports accounting for 150.4 and 156.8 billion dollars respectively.

Should the current trend continue, the expectation is that there will be no particular difficulty for the nation to become the 10th largest trading power by late this year for the first time.

At present, the nation trails Belgium and China in trade volume. By 1997 Korea is certain to secure the post of 10th largest trader since Hong Kong is set to be taken over by China that same year.

Brightening the nation's prospects for joining ranks of developed nations is the fact that, unlike some time ago, Korea's main exports consist mainly of heavy industrial, chemical and consumer products, including semiconductors and electronics goods.

The nation's export structure has been reorganized based on models seen in developed nations during the past two to three years. The export of high-tech products, especially, has increased 50 percent annually.

The share of exports of such products has also increased from 17 percent in 1994 to 19 percent last year.

Exports that were heavy and chemical industry goods accounted for 72 percent of the total for the first 10 months of last year.

The KFTA forecasts that heavy industry products will take the lead among exported goods in 1996, with growth rate of 20.7 percent, as they will total \$110.3 billion. The 1995 exports are expected to total 91.4 billion dollars, a 38.5 percent increase.

Exports of petro-chemical products to the so-called Greater China region are expected to grow although harsh competition is expected from Japan in the South-east Asian region.

Exports of electronics and electrical appliances will experience a 30.5 percent growth over 1995, boosted mainly by continuous increases in overseas semiconductor sales.

The sales of general machinery products is expected to grow 20.2 percent, thanks to increasing demand from newly industrializing nations in Southeast Asia.

The export of automobiles, although expected to suffer setbacks in the European market, is also likely to see a growth of 16 percent, mainly thanks to new car models and increasing demand in developing nations.

The shipping industry, for its part, is also likely to see a booming business this year with an expected growth rate of 14.9 percent.

Exports to developed nations will reach 74.5 billion dollars, a 17.7 percent increase.

The growth rate of sales to the United States is likely to be lower than in 1995 although export of semiconductors will continue to increase.

Exports to Japan, however, are certain to suffer serious setbacks due to sluggish economy.

Exports to developing nations are likely to hit 73.2 billion dollars, 16.7 percent increase over 1995.

Imports from developed nations are expected to reach 103.7 billion dollars, up by 12.5 percent while those from developing countries are likely to reach 50.9 billion dollars, up by 17 percent.

Raw material imports will reach 77.4 billion dollars, an increase of 14.0 percent, while that of capital goods will hit 60.9 billion dollars, up 13.2 percent. Despite the relatively bright prospects in the nation's trade, there are still many factors standing in the way of Korea's advancement into the rank of developed nations.

No one denies the fact that Korea's recent achievements in the area of exports were due in large part to a strong Japanese yen, which comparatively strengthened the competitiveness of the Korean products, thereby promoting the export of semiconductors, electronics, automobiles and ships.

Economic experts express concern that the yen may take a sharp plunge, thus posing a serious challenge to Korean products, especially in the areas of automobiles, electronics, shipping and steel.



On the part of labor-intensive and light industries, the nation is expected to be narrowly chased by developing nations like China and other economies in the Southeast Asian region, whose labor costs are comparatively lower.

In addition, the nation has an urgent need to narrow the technological gap with developed nations.

In this regard, experts point out the fact that the nation's exports of heavy industry goods are largely dependent upon technology from the advanced nations.

"Our exports are too concentrated on end-products rather than on semi-assembled goods and materials," an executive member of the KFTA said.

He cited the case of Japan where capital goods and raw materials accounted for more than 70 percent of exports by the time it passed the 100 billion-dollar export mark.

The era of cheap-labor-based exports has gone. Now we need to transform the export and industrial structure toward high value-added business said a KIET official.

The first and foremost task for the Korean economy in the year 1996 is among other things, to find a way to cope with the ever widening trade deficit, which is expected to reach 6.9 billion dollars, according to economic experts.

Some of the requirements for this are favorable interest and exchange rates as well as labor costs.

"The government should take measures like intervening in the foreign currency market to prevent the won from rising," the KFTA said in a recommendation.

The exchange rate of the won against the dollar should be stabilized at the level of 790 won per dollar, which most exporters want, said the organization.

Lowering interest rates is also one of the prerequisites for the strengthening of the Korean presence in global markets, the organization stressed.

Fostering the growth of the capital industry by, for example, introducing the Technology Incubator System (TIS) is also necessary to this end. TIS is a system designed to promote the development of technology mainly for small and medium-sized industries in developed nations, said an official of the Korean Federation of Small Business (KFSB).

As foundation for the desirable economic development it is necessary for the administration to pursue ahead with policies to raise the small industries in terms of finance and labor productivity, he said. Also demanded by most industrial observers is the expansion of the number of foreign workers here; from the current 30,000 or so to at least 60,000.

### Economic 'Doldrums' Predicted

SK0101040696 Seoul THE KOREA TIMES in English  
1 Jan 96 p 8

[Report by staff reporter No Chun-hun]

[FBIS Transcribed Text] The year 1995 proved to be a year of unexpected prosperity, spurred by such developments as the appreciation of the Japanese yen. However, worsening conditions in the international market will leave semiconductors as the only bright star on the Korean industrial horizon for this year.

According to a forecast by Daewoo Research Institute and other leading thinktanks, virtually all sectors, including automobile, machinery, steel, food, shipbuilding and petrochemical will be in the doldrums in 1996.

"There are no special circumstances that will have a positive impact on the Korean economy this year. Outside of semiconductors, the prospects are rather bleak," one official at the Daewoo Research Institute said.

At the lead of the semiconductor sector will be Samsung Electronics, Hyundai Electronics Industries and LG Semicon trio which are expected to post revenues totalling 20 trillion won (25 billion dollars) this year.

With the 16M DRAM (megabit dynamic random access memory) consolidating its position as the new market standard following the domination of the 4M chip, Korean companies can only gain greater control the world's memory chip market.

All in all, the three companies are expected to spend over 7 trillion won [US\$9.3 billion] this year in new facilities and research and development, providing themselves with the necessary tools to remain ahead of the competition in the global market.

Along with semiconductors, consumer electronics could have a moderate performance despite increasing protectionism in foreign markets, thanks to improved competitiveness both at home and abroad.

Electronics as a whole recorded exports of nearly 46 billion dollars last year and consumer electronics sector exceeded its previous share, taking production overseas and capitalizing on growing demand in nearby markets.

Experts at the Electronic Industries Association of Korea (EIAK) said production, outbound shipments and domestic sales will increase by 5.9, 5.3 and 5.9 percent respectively this year over last year.

"In general, electronic appliance makers are projecting a relatively prosperous year, as they concentrate on increasing the volume of production in markets like



Europe and Mexico so as gain better access to nearby markets," said one expert.

Some of the most popular Korean-made items in international markets will be color television sets with screen sizes of over 25 inches, refrigerators with capacities of more than 500 liters and a range of video tape recorders.

One sector that is expected to have marginal performance this year is the automobile industry after a breathtaking 1995 when domestic automakers made of Korea the world's fifth largest car manufacturing nation.

The Korea Automobile Manufacturers Association (KAMA) said local sales should increase by a moderate 8.2 percent to 1.62 million units as total production inches up to 3.2 billion, including units assembled offshore.

"Korean automakers are looking at exports of 1.18 million finished products this year but changes in the international market, including the value of the Japanese yen, could be critical," one KAMA official explained.

In the machinery sector, greater stability is expected in the domestic market although continued imports of vital components and equipment will further aggravate the trade balance.

Exports projected to total 45 billion dollars. Incoming shipments, mostly from Japan and the United States, will reach 53.2 billion dollars, up 22.3 percent over last year.

Self-sufficiency in terms of machinery is expected to fall even further from last year's 66.1 percent to 63.7 percent due to the increasing demand for sophisticated manufacturing systems and their components.

The remaining sectors, including shipbuilding, textiles, petrochemicals and foodstuffs, all face a bleak future with toughening competition and a general downturn in the international market.

Industry experts said textiles will perform poorly in virtually all areas, from yarn to fabrics while shipbuilders will find it more and more difficult to get orders due to the growing competitiveness of Japanese and other leading industrial companies.

In petrochemicals, the demand for main products, including teraphthalene acid, will increase by around 15 percent but the robust manufacturing volume of competing companies elsewhere will curb exports somewhat.



## Burma

### Senior Politicians Urge Rangoon-Suu Kyi Talks

BK2912130195 (Internet) BurmaNet News in English  
29 Dec 95

[Letter in Burmese signed by 23 senior politicians inside Burma, addressed to the State Law and Order Restoration Council, SLORC, dated 24 November 1995 and translated by All Burma Students' Democratic Front, ABSDF, Moe Thee Zun faction, and released on 29 December 1995, at ABSDF-88 Camp at Thai-Burma border]

[FBIS Transcribed Text] A Request to SLORC and NLD [National League for Democracy] led by Daw Aung San Suu Kyi to open a dialogue for the national reconciliation.

1. We, the undersigned veteran politicians who had contributed in the successive stages of the struggle for Burma independence, hereby jointly request the SLORC and the NLD led by Daw Aung San Suu Kyi, with sincerity and goodwill, to hold a dialogue for the sake of the people and the country.

2. We believe that Burma gained her independence because people of Burma, monks, political parties and Tatmadaw collectively had endeavored their best, with solidarity and cooperation, in the period of the independence struggle. Not only to safeguard her independence but also to construct a peaceful, democratic and developed country, all the people of Burma must attempt with solidarity for the cause.

3. The present day is the most relevant time for establishing national solidarity in Burma.

4. In order to establish the national solidarity, the first requirement that we should implement is national reconciliation. In the present world history, there are many numerous examples of solving longstanding national and regional conflicts through negotiation.

5. We sincerely believe that the only way to achieve "National reconciliation," the first ever most inspiration of entire people of Burma in accordance with the current situation in Burma and international community as well, is dialogue between the Slorc and the NLD led by Daw Aung San Suu Kyi. Therefore we would like to request the Slorc and the NLD led by Daw Aung San Suu Kyi to immediately hold the dialogue. Signed by: 1. Bo Hmu Aung 2. Thakin Chit 3. Thakhin Thein pe 4. Bo Aung Naing 5. Bo Thar Htun 6. Bo Tin Hla Oo 7. U Aung Myint 8. U Nyunt Thein 9. Nai Ngwe Thein 10. U Min Lwin 11. U Tin Tun 12. Thakin Chit Maung 13. Thakin Khin Aung 14. Thakin Lwin 15. U Than Sein 16. Bo San Thar Kyaw 17. Bo Sein Aung Lin 18. U Ba Tun

19. Dr. Maung Maung Kyaw 20. U Ye Myint 21. U Thaw Ban 22. U Myint Aye 23. Bo Nyo

### Karen Group Issues 'Update' on Current Situation

BK2912080295 (Internet) BurmaNet News in English  
29 Dec 95

["KNU: Update on the Current Situation December 28, 1995"]

[FBIS Transcribed Text] On 13 December 1995, a Karen National Union [KNU] delegation left for Moulmein and Rangoon in response to the SLORC's [State Law and Order Restoration Council] invitation to talk about arrangements for cease-fire talks. The delegation returned on 23 December 1995 with no spectacular results.

In the meantime, at 8:45am on 21 December 1995, when the official Karen New Year ceremony at Wah Baw village was nearly finished, about 200 SLORC troops from the 106th Light Infantry Division led by San Lwin and the 343d Light Infantry Division led by Major Nyunt Tin opened fire on the civilians with small and heavy weapons. In the confusion, they beat Saw Plaw Doh from Tance Su village to death. They also shot and wounded Saw Oo Yeh from Wah Baw village and Saw Pah Way from Klo Law village. The troops then entered the village and looted and destroyed the villagers' property. They ransacked each house taking whatever was useful. They also took all the money they could find and stripped watches and necklaces off the villagers. The costs of the damage and the property taken totalled 1 million Kyat.

Also on 21 December 1995, Daw Aung San Suu Kyi was stopped from attending a Karen New Year celebration in Insein. After being detained, she was sent home, while Khun Myint Tun and Tin Tun Oo, both youth members of the NLD [National League for Democracy], Saw Tin Win, a member of the NLD's central committee in Pa-an, and Mann Htay Shein, the patron of the Karen celebration, are still being held.

During the past few weeks, the SLORC-controlled DKBA [Democratic Karen Buddhist Association] has made a number of armed attacks on Sho Klo refugee camp. They have stolen property and shot refugees, resulting in several injuries and deaths.



## Brunei, Malaysia & Singapore

### Malaysia

#### Prime Minister Mahathir Gives New Year Message

*BK0101140896 Kuala Lumpur RTM Television  
Network 1 in Malay 1230 GMT 31 Dec 95*

[New Year's speech by Malaysian Prime Minister Mahathir Mohamed on 31 December; place not given—live or recorded]

[FBIS Translated Text] Peace be upon you! I am grateful to Almighty God for enabling me to deliver the new year message to the Malaysian people. Actually, Malaysians have been fortunate because our country was full of peace and stability throughout 1995, and this multiracial society lived in harmony. Furthermore, we still continue to progress and enjoy prosperity, and our country remains a safe place. Malaysia is also fortunate not to have been hit by any catastrophe or other untoward incidents. We sometimes take for granted [preceding three words in English] or are not conscious of our good fortune because stability, progress, and prosperity have become a common thing to us. When we see on television or read the newspapers about the sufferings of other people in war-torn countries or those hit by disasters, only then do we become a little aware of how fortunate we are in comparison. Realizing this, we should be grateful to Almighty God, and hopefully he will continue to bless us with wonderful things.

Ladies and Gentlemen! Malaysia has experienced rapid economic growth in 1995. The high rate of economic growth, coupled with a low rate of inflation, has enabled the people to continue to enjoy an improved standard of living. This can be seen from this year's per capita income of Malaysians, which has increased to over 9,900 Malaysian ringgit or U.S. \$3,850. The people's high standard of income has increased their purchasing power parity — almost the same as U.S. \$8,800 in the United States. The high rate of growth has also enabled the government to continue to implement development programs that are beneficial to the country and to the people as a whole. The economic development is so rapid that, even today, Malaysia is the world's 13th largest exporter.

The country's economic achievement is something of which we can be proud, considering that Malaysia is a small country with a population of only 19 million. There is a vast change in the economic structure, whereby about 80 percent of export commodities are manufactured goods. This proves that Malaysians have the capability and skill to manufacture goods. God's gift to human beings is such that we will succeed if we concentrate our efforts on trying to master any

profession. Human beings will eventually become more skillful if they diligently and repeatedly do something. As a matter of fact, the skill will become a part of the tradition that is inherited by the nation's younger generations. Certainly we will be described as people who are unthankful if we do not make the best use of the talent gifted to us from Almighty God. Malays and the indigenous people are not lacking in skill if they are willing to utilize the humanistic characteristics endowed by God. When they fail or become weak, it does not mean that God has created them so. The reason is that they do not appreciate and utilize what God has given them. The handicapped also have a special talent, probably, and are more gifted than normal people. All good things come from Almighty God, while everything bad and wrong originates from human beings.

Ladies and Gentlemen! We held the ninth general election in 1955. Thank God, the election was held in a calm and safe atmosphere. The greatest majority of Malaysians voted for the Barisan Nasional [National Front] to continue to form a government and to administer the country.

As one of the Barisan Nasional leaders, I wish to convey my great appreciation to the voters for participating in the election in an orderly manner. Our country has been able to practice democracy without any bad manifestations that often accompanies it, such as is occurring in other countries. This is because of the maturity of the Malaysian people and their knowledge of the limits of freedom and the responsibility of an individual. Again, we should be thankful that our democracy does not bring any harm to us. Thank God!

Ladies and Gentlemen! We will start to implement the seventh Malaysian plan in 1996. We have made our country a manufacturer because only the manufacturing industry can create sufficient job opportunities for the Malaysian people. Our success, however, is such that we are forced to employ foreign workers to fill up the abundant job vacancies. To date, Malaysia has 1.2 million foreign workers with or without work permits. We have no intention of not sharing our prosperity with others, but the number of foreign workers is expected to increase to 2.3 million by the year 2000 if we do not take steps to prevent it. We can choose to delay development, but this would not address the influx of foreign workers.

The government has decided to reduce the number of labor-intensive industries that would require many workers and replace them with large capital-intensive and high-technology industries. Without increasing production costs and jeopardizing competitiveness, this type of industry would pay higher wages to workers.



The workers, however, must be willing to be retrained and change their work in order to receive high wages. This would not cause any loss to employers, the country, or the workers themselves.

Our workers are able to perform up-to-date work that will increase their incomes if they are willing to be trained. The government's wish is for workers to be paid a high income in keeping with their contribution to the economic development. As one of the approaches to reduce our dependence on foreign workers, the government plans to reemploy retirees from the government and private sector and housewives. They could be trained, if necessary, and be placed in a suitable job, either as part- or full-time workers. With this, the people of Malaysia will have higher incomes and the level of poverty will decline.

We do not want a situation described in a Malay proverb to happen, which says: A duck in the pond dies of thirst; a hen in the rice barn dies of hunger. It is ridiculous for Malaysians not to have any opportunity for a job or to increase their incomes in a country that is so short of workers that foreign workers must be imported. Any work is a type of religious obligation, and any work that can save the race, religion, and country would qualify as an important calling.

We do not have to work just for sake of earning an additional income. We should bear in mind that the work we do can help defend our country. The Muslims in this country are free to perform their religious obligations, unlike in Bosnia, Chechnya, and Somalia, where they are being chased away or killed. In several developed nations, Muslims are being oppressed because they are minorities. This is because our national economic development achievement has liberated our country from begging from or depending on big powers to save and support us.

If we contemplate our current condition, we will realize that there is a close link between our willingness and our ability to work in fields other than paddy planting, rubber tapping, or fishing. We are not forced to work continuously so that we must ignore our religious obligations for the hereafter. The two obligations can go hand in hand. In poor Muslim countries, Muslims do not have a chance to perform their religious obligations satisfactorily. Likewise, Muslims who have taken refuge in other countries because of poverty are not able to observe their religious obligations and are separated from their religion. It is true that poverty leads one to become an infidel.

Ladies and Gentlemen! Ancestry does not determine the success or failure of a race or an ethnic group. Thus, there is a European race that is very backward,

and there is an Asian race that is very advanced. The backwardness or the progress of each race depends on its culture.

A culture is not something that is static, which cannot be changed. A culture changes all the time and can be designed the way we like. All races in Malaysia can nurture all the good cultural values and practice them until they become the race's culture for generation after generation. Even today, the culture of all races in Malaysia, especially that of the Malays and the indigenous group, have changed to suit the situation in a country that is rapidly developing. There are only small changes required to make our culture parallel to our success. Among them is to adopt a hardworking and diligent attitude. God willing, if all the people are aware of the need to be hardworking and are willing, a nation with a noble culture that strictly adheres to genuine Islamic and other religious values can be created. With this, we will regain our religious and national dignity.

Ladies and Gentlemen! There are certain groups that are opposed to the government's programs. They claim that we are not really successful in our development efforts. It seems that we are too obsessed with materialism and forget about spiritualism. If these groups are sincere and honest, they should admit that they have also enjoyed many good things that are achieved through the government's efforts. The fact that they are free to comment and criticize is because this government is very tolerant. The people should not be misled by their provocation to foil the government's plans. We should not emulate people who are not grateful for the good life they have enjoyed. Likewise, foreigners are just pretending to show their sympathy to our workers, claiming that they are unfortunate. On the contrary, they are waiting to see us fail and not be able to compete with them.

Being grateful as a people, we should not deny the good things that we have enjoyed. As proof of our gratefulness, however, we must make the best use of what we receive. If an ordinary man gives us a gift, we need not humiliate the giver by only throwing the gift away. Furthermore, when the gift is from God, we surely do not want to destroy it.

As a mark of appreciation for the peace, stability, prosperity, and comfortable life in this fortunate country, there is nothing better than to use our life and energy, calmness, and job opportunities to try and achieve more good things. In addition, we must pray to God and perform our religious obligations.

Ladies and Gentlemen! In the spirit of the new year, let us step up our objective to bring our country to a higher degree of success. God willing, with intensive efforts,



increased discipline, and adherence to pure values in life, our country will achieve more remarkable successes in 1996.

Finally, I wish to extend my Happy New Year greeting to all of the Malaysian people and hope that 1996 will be another wonderful year for us. May God bless you and guide us! Peace be upon you again.

### Singapore

#### Goh's New Year's Message Urges Better Behavior

BK0201100896 Singapore THE STRAITS TIMES  
in English 1 Jan 96 p 1

[Unattributed report]

[FBIS Transcribed Text] While Singapore has become a developed economy, it still has a long way to go before it matures as a gracious society. Prime Minister Goh Chok Tong said in his New Year message yesterday.

Calling on the people to upgrade their social behaviour to match the country's material prosperity, he said that education and the personal example of parents, teachers and leaders was the best way to break old habits and set new standards of behaviour.

Fines, disincentives and negative publicity were also needed to register that anti-social behaviour was wrong.

He added that he had told the HDB [Housing and Development Board] to include the cleanliness of HDB precincts to the list of factors it considers when deciding which precincts to upgrade.

Mr Goh began his message by announcing that the overall growth of the economy last year was 8.9 per cent.

This is a little higher than the Government's projection in November of 8 to 8 1/2 per cent.

The 8.9 per cent was more sustainable compared to the double-digit rates of the past two years, and provided a welcome relief to cost pressures, he added.

All major sectors also registered good growth. Wages grew by 7 per cent and inflation was 1.8 per cent.

Manufacturing investments totalled \$6.8 billion [Singapore dollars], mostly in high value-added chemicals and electronics projects, and investments in business services came to \$1.1 billion [Singapore dollars].

While the global environment was likely to remain favourable, key markets in the United States and Asia might grow more slowly.

And while Japan was recovering, there were concerns over the pace of its structural reforms and financial problems.

The economic forecast for 1996 was between 7 and 8 per cent.

Mr Goh went on to note that although Singapore's per capita GDP was U.S. \$24,000 (S [Singapore] \$34,056) and it was now a developed economy, "we still have a long way to go before we mature as a gracious society".

Singaporeans, he said, must think beyond their families, be considerate and treat public property and common areas as their own.

He conceded that "considering where we started from", people had made good progress and that the courtesy and anti-littering campaigns had helped.

Town councils reported that the six upgraded precincts were cleaner after the upgrading, the National Museum, National Library and National Parks commended the behaviour of most of their users, and the police reported fewer incidents of road bullying and hogging.

There were also honest Singaporeans who returned wallets they found and Samaritans who helped those in trouble.

But, on the whole, economic progress had been so rapid that social behaviour had not caught up with the change.

"In one generation, we have moved from atap [palm leaves]- and zinc-roofed wooden huts in kampongs [village] to four- and five-room HDB flats in new towns. But some Singaporeans still behave as if they were in the stone age," he remarked.

Examples: They littered, parked their vehicles indiscriminately, vandalised library books, pushed for free used text-books, and pilfered or damaged public orchid displays.

"They make life unpleasant for others, and give visitors the impression that Singaporeans are crude and uncouth," he said.

In contrast, New Zealanders were warm, courteous and helpful. "Our per capita GDP has grown to exceed New Zealand's. But our social behaviour is still of a lower standard than theirs. We still have much to do to catch up."

Concluding, he said Singapore had become a developed economy because the people put their minds to it.

"Let us now complement our economic achievements with social, cultural and spiritual development. Then, by the 21st century, Singapore will be a truly successful, mature country with a developed economy and a gracious society."

He wished Singaporeans and friends a Happy New Year.



## Cambodia

### Official on Railroad Destruction by Khmer Rouge

BK3012161495 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 30 Dec 95 pp 1,5

[Report by N. Sranaoh]

[FBIS Translated Text] Khmer Rouge rebels continue to launch sneaky mine attacks to destroy railroad tracks and hinder rail transport between Phnom Penh and Pursat Province.

An official of the rail transport service disclosed that the Khmer Rouge planted three mines during the night of 27 December that destroyed railroad track in three places in Pursat Province's Krakor District, between the Kamreng and Totoeng Thngai stations. However, precise information on the extent of the damage to the track has not yet been received. A train carrying railway workers to repair the track left Pursat Province on the morning of 28 December.

The Royal Government has deployed the armed forces to ensure security along the Phnom Penh-Pursat railway line. Khmer Rouge rebels still manage, however, to carry out activities to destroy the track. What should the armed forces do to prevent and end these Khmer Rouge activities?

The sector between Kamreng and Totoeng Thngai stations has suffered frequent Khmer Rouge attacks with homemade explosives. For example, at the end of November, the Khmer Rouge used a mine to destroy an 11-meter railroad bridge at the 144.600 marker, followed by attacks to destroy the track. The Phnom Penh-Pursat line was reopened on 14 November after being suspended for nearly one year due to a lack of security.

The aforementioned source also said that the railway line between Svay Don Kev and Moung, particularly between Moung and Battambang, has been harassed with mines by the Khmer Rouge almost daily.

On the night of 26 December, the Khmer Rouge detonated four mines between Moung and Kaoh Chan stations that caused serious damage. It has also been disclosed that 76 meters of track southeast of Battambang are under repair following damage caused by Khmer Rouge rebel mines and by floods.

Ten bridges have been damaged, five of them by mines. The track in 50 to 60 places may have also been destroyed by the Khmer Rouge. The seriously damaged segment of the railroad between Phnom Penh and Pursat required two and a half months to repair. The main point, however, is that the armed forces should provide assistance to ensure security and prevent destructive

activities by the Khmer Rouge. If the track is repaired at the front and the Khmer Rouge destroys it at the back, more problems will arise, particularly with regard to spare parts. Current repairs have been undertaken in an improvised and temporary manner using rail and cross ties from others stations. Transport activities on the Pursat-Battambang stretch of the railway line have been suspended since June 1995.

The same official also stressed that hundreds of millions of riel in revenue for the state budget from the railroad have been lost in 1995. It is hoped that the armed forces will be able to eliminate all Khmer Rouge destructive activities in 1996 to ensure security for the resumption of normal railroad traffic.

### Kompong Thom Governor Views Khmer Rouge Problem

BK3012154695 Phnom Penh REAKSMEI  
KAMPUCHEA in Cambodian 30 Dec 95 pp 1, 5

[Report by Roza]

[FBIS Translated Excerpt] Kompong Thom Province Governor Chieng Am told REAKSMEI KAMPUCHEA at his office that the Khmer Rouge is now adopting a new plan, which is to smash commune and village administrations and destroy state revenue sources.

He went on to say that the commune and village administrations are a firm base and a place where forces are rallied against the Khmer Rouge. Therefore, it will weaken the government if the Khmer Rouge can destroy this administration, particularly the commune heads. [passage omitted]

It should be noted that senior navy officers promised last year to protect fishing lots and to prevent Khmer Rouge harassment. It has been observed, however, that the Khmer Rouge continues to harass people.

The provincial governor said that regular police forces from Svay Rieng and Prey Veng Provinces ... [ellipsis as published], deployed along National Route 12, have been withdrawn. He now uses only militia forces and provincial police, troops, and military police to counter the Khmer Rouge. Although Khmer Rouge troops have been dispatched to the province this dry season, they are not capable of waging war; his forces are in a position to counter them.

The governor also said that the Khmer Rouge is now operating freely along National Route 12, particularly along the border in Preah Vihear Province. The Khmer Rouge has intensified mine-laying activities and the felling of trees to block roads. The governor, however, has now dispatched troops to clear them.



People living in the disputed area of Krayea-Sakream have been temporarily evacuated to safe areas to enable troops to conduct mop up operations. Chieng Am also boasted that his forces are capable of countering the Khmer Rouge. He only asked for one thing: that the government give priority to soldiers' pay, particularly combat pay, pay for wounded soldiers and for fallen troops, and a policy toward soldiers' families.

The governor also said that troops should be valued, despite the fact that they may have become invalids, because these soldiers dared to sacrifice everything for the country and the people. Finally, Am said that he will dispatch his militiamen to protect fishing lots and National Route 12; he will no longer rely on troops from elsewhere.

He also said that there are problems concerning the supply of medicine and food to troops. At times money was borrowed and interest paid to Chinese individuals in order to solve the problems.

### Indonesia

#### President Suharto Delivers New Year's Speech

*BK0101105096 Jakarta Radio Republik Indonesia Network in Indonesian 1210 GMT 31 Dec 95*

[New Year's speech by Indonesian President Suharto on 31 December; place not given—live or recorded]

[FBIS Translated Text] Peace be upon you! We will see the change to a new year in a few moments. We will leave 1995 and enter the new year, 1996. On this happy occasion, I would like to wish all of you and all Indonesian families a Happy New Year 1996. May you all achieve new successes, progress, and prosperity in the new year! I would also like to wish all Christians a Merry Christmas. May the Christmas message give new hope to you in your life and dedication to the nation we are developing together!

As in previous years, I would like to ask for your time to look back and review the significance of 1995, which we will leave soon. With clear minds and a wise attitude, let us take a good lesson from all the events and experiences we have undergone to continue our national journey in 1996! The year 1995 was special for our nation. In 1995, our Republic of Indonesia was 50 years old. We joyfully commemorated the anniversary of our independence throughout the year. A joyful and enthusiastic atmosphere was felt everywhere. We all—young and old, men and women, teenagers and children—were involved in the celebrations. We thank God for the independence we have enjoyed. We are reinforcing the popular roots of our republic. We are looking forward to the future.

It is not easy to establish, maintain, and develop a nation that has a heterogenous society. Experience shows that there remain major or minor seeds of sensitivities in a heterogenous society that could lead to upheavals if they are not well handled. Accordingly, we must thank God for allowing us to pass every day, month, and year without any major upheavals. We must maintain the situation. There are indeed upheavals from time to time in various parts of our country. There were some this year. Whatever the reasons—be they economic, sociocultural, religious, or political—every upheaval was clearly a step backward for our nation.

We must mobilize our thought, energy, and attention to prevent similar incidents in the future. Nevertheless, the heterogenous society has the great potential to contribute to the progress of our nation. While some in our society are temporarily facing various obstacles, many others are able and ready to maintain the pace of national development. Thus, while realizing the sensitivities in a heterogenous society, we must be ready to take advantage of the positive aspects of this heterogeneity.

My fellow countrymen! Generally speaking, we achieved much progress in various fields in 1995. Our economic problem is not how to spur economic growth, but rather how to prevent our economy from overheating due to the high growth. The government has taken steps to cool down our economy to enable us to spur growth later. In 1995, our economic growth was set to exceed 7.1 percent, or rise above the average economic growth targeted during the sixth five-year development plan. The equal distribution of wealth and the eradication of poverty continued. Inflation averaged 8.64 percent, but we remain vigilant against the inflation rate.

There was a high degree of political dynamism. New ideas emerged, and an atmosphere of openness grew further. We should, however, not allow all this to get out of control. Accordingly, let us strongly adhere to Pancasila, the 1945 Constitution, and the broad outline of state policies as well as uphold national interests and unity! Generally speaking, we can say that our nation scored much progress in various fields at home and abroad this year.

The world remained dynamic in 1995. Our attitude toward global changes is very clear. We consistently do our best to maintain world order based on independence, eternal peace, and social justice, as enshrined in the preamble of the Constitution. On the one hand, we will do our best to take advantage of open opportunities to ensure the smooth implementation of our development.



On the other, we will try to prevent anything detrimental to development.

In foreign policy, we completed our duty as chair of the Nonaligned Movement and handed over the leadership to Colombia. We were pleased because our initiatives to inject a new spirit into the movement were accepted and will continue in the future. There were three initiatives while Indonesia led the movement. They were: the enhancement of South-South cooperation, revival of North-South dialogue, and settlement of the debts of the least-developed South countries. We are also active in promoting economic cooperation in the Asia-Pacific region, in addition to strengthening our traditional cooperation through ASEAN. Our economic scope has become wider through our membership in ASEAN and APEC [Asia-Pacific Economic Cooperation]. In particular, this will boost our efforts to increase our nonoil and nongas exports.

Developed nations must open their markets widely, by 2010 at the latest, to our export goods and to those from other developing nations. We must, in turn, open our markets widely to goods from developed nations by 2020 at the latest. This means that we will have opportunities and will simultaneously face challenges in the future. We must enhance our competitiveness and efficiency in response to the challenges. We must also master science and technology and enhance the quality of human resources.

In this regard, our nation achieved a great historical landmark on the 50th anniversary of Indonesia with the maiden flight of an N-250 aircraft manufactured by Indonesians themselves. Of course, there are still many other things to do. Nevertheless, the maiden flight of an aircraft that uses sophisticated technology has strengthened our self-confidence in entering the 21st century, which will be the century of science and technology.

My fellow countrymen! This has been our reflection on the significance of 1995. We are ready to enter 1996 on the basis of our self-confidence. We know that the coming year will be full of tests. We have safely passed various tests in the half century of Indonesian independence. We believe that we will succeed in undergoing tests in years to come, thanks to our past experience, national strength, vigilance, and unity. May God Almighty bless our common journey as a nation! Thank you and peace be upon you again!

#### **Suharto Receives Nigerian Agriculture Minister**

*BK3012101395 Jakarta ANTARA in Indonesian*  
*0558 GMT 30 Dec 95*

[FBIS Translated Text] Jakarta, 30 Dec (ANTARA) — President Suharto received Nigerian Agriculture Minister Al Haji Mohammadu Gambo Jimeta at his residence on Cendana Street on Saturday. The Nigerian minister briefed the president on the execution of several Nigerian citizens.

Agriculture Minister Gambo Jimeta told reporters after the meeting that Nigeria had been under pressure from several foreign countries since the execution of the nine citizens.

"President Suharto hopes that the pressure will have no negative impact on the Nigerian people as a whole," the Nigerian agriculture minister said.

Meanwhile, Foreign Minister Ali Alatas, who accompanied the head of state during the meeting, later told reporters that the Nigerian agriculture minister carried a letter from President Sani Abacha.

"President Suharto hopes that Nigeria will be able to settle its internal affairs as soon as possible," Alatas said.

The head of state said during the meeting that Indonesia has adopted the principles of respect for the sovereignty and territorial integrity and non-interference in the internal affairs of other countries.

The Nigerian Government recently hanged Ken Saro and eight other Nigerian activists. Ken Saro, who led the Movement for the Reawakening of the Ogoni People, was sentenced to death for allegedly killing four pro-government leaders.

The case led to the suspension of Nigeria's membership in the Commonwealth. Several foreign countries have recalled their envoys from Lagos, the Nigerian capital.

### **Philippines**

#### **Police Arrest Middle Easterners for Terrorism**

*LD3012102995 Melbourne Radio Australia*  
*in English 0900 GMT 30 Dec 95*

[FBIS Transcribed Text] Philippine officials say police in the capital, Manila, have arrested nine Middle Eastern men suspected of plotting terrorist acts. The interior secretary, Rafael Alunan, said six of the men carried Iraqi passports. He identified one of them as ('Abd-al Anon), a brother of Ramzi Yusuf, the alleged mastermind of the bombing of the World Trade Center in New York in 1993. Mr. Alunan said two of the



other three arrested had been carrying Saudi Arabian passports, while the third was believed to be from Sudan. The interior secretary said the nine suspects had been under surveillance for several months before being arrested in two separate raids. He said police involved in the raids had also seized various devices which could be used for bomb making, including explosives, fuses, and detonating cords. Also recovered were 49 Philippine passports, 10 birth certificates, and maps of the metropolitan Manila area.

Mr. Alunan added that the arrests showed the government's determination to ensure that international terrorism did not take root in the Philippines. Earlier this month Philippine police arrested nine Pakistani men, suspected of being either terrorists or members of a radical opposition group.

#### **Article Views Status of Communist Movement**

*BK0101132796 Manila BUSINESS WORLD  
in English 29 Dec 95*

[Article by Sandra S. Aguinaldo: "FOCUS: Communist Party of the Philippines; Insisting on Regaining Lost 'Glory'" — received via Internet]

[FBIS Transcribed Text] When the Communist Party of the Philippines (CPP) celebrated its 27th founding anniversary last December 26, communist leader Jose Maria Sison, speaking as "Armando Liwanag," revealed another wave of tactical offensive against the government is in the offing, claiming success in regaining its mass-based support in the countryside.

But the military was quick to dismiss this as mere propaganda with no less than Armed Forces Chief Gen. Arturo Enrile calling the communist movement "a withering vine."

What is the real state of communist struggle in the Philippines and what will it be in the future? These questions nag the mind of Filipinos with the resurgence in the activities of the communist hit squad Alex Boncayao Brigade (ABB), the military arm of the breakaway Manila-Rizal Regional Party Committee (MRRPC).

Based on the latest military assessment, the CPP's strength is down to 6,000 from the peak of 25,000 in 1987. The Armed Forces of the Philippines (AFP) said communist rebels have gone down from the mountains due to lack of financial and logistics support from its Netherlands-based leadership.

To top it all, the past years have seen the demise of the communist struggle in other countries, making the Philippines one of the few remaining countries where communism still thrive.

#### **SPLIT**

Military intelligence reports indicated New People's Army (NPA) units indeed increased this year, but this was due to the splitting of larger communist formations "to make it appear that they are increasing in number." Each guerrilla front, the report said, is composed of several people with the task of recruiting more members and convincing communities to support the movement.

Military intelligence chief Brig. Gen. Angelo Reyes said that, so far, the rebels have been unsuccessful because of internal squabbles.

This even as communist rebels declared they will have an additional 10,000 new cadres by 1996. He also said the NPAs were "retrained, reoriented, and redeployed" to carry out the goals of the communist party.

"Rebuilding the mass base is the prerequisite to launching tactical offensives that we can win and sustain," he said.

Documents obtained from the Civil Relations Service (CRS) in Camp Aguinaldo said the sharp decline in the number of encounters between government troopers and NPA elements was due to the waning power of communists in the country. The CRS said NPA-initiated attacks were very minimal as compared to offensives launched by the military. "This means the government (has) the upper hand in the fight against communists," CRS chief Brig. Gen. Victor Garcia said.

However, Satur Ocampo, former spokesperson of the NDF [National Democratic Front], claimed the rebels deliberately evade confrontation to concentrate on the party's reorganization efforts. "The CPP now is more in building up its mass base support. It is expected that they will not engage in armed confrontation at this point. This is a classic guerrilla tactic," Mr. Ocampo said.

Still, Mr. Sison said NPA offensives were "gradually increasing."

According to the military, recent discoveries of arms cache in areas occupied by the rebels showed the movement's manpower had miserably declined that there is no enough personnel left to use the stock of fire-power.

#### **FACTIONS**

The declining popularity of the communist movement is attributed to the existence of three other factions opposing the rule of Mr. Sison and NDF chairman Luis Jalandoni.

Military intelligence identified these groups as: (1) insurrectionists or anti-reaffirmist faction allegedly led



by Felimon Lagman and others who are against the traditional strategies of national democracy and the current leadership of Messrs. Sison and Jalandoni; (2) the reformists under the leadership of Romulo Kintanar and Ricardo Reyes who want reform in the communist movement; and (3) the reservists who refuse to return to the movement but kept an open line with the insurrectionists and the reaffirmists (Messrs. Sison and Jalandoni).

The reaffirmists strictly adhere to the traditional doctrines of national democracy such as long and sustained armed struggle, enclosing the cities from the countryside and in the universal adherence to the thinking of Mao Ze Dong. This group is strongly opposed to the theory of the insurrection, particularly to the deployment of the urban hit squad ABB. Despite reports the insurrectionists are actually more in number, the reaffirmists control the current central committee.

The insurrectionists, according to military reports, are mostly the members of the MRRPC, formerly chaired by Mr. Lagman. This means 40% of the entire membership of the CPP is against the rule of the present leadership and are adhering to Marxist-Leninist principles because they consider the Maoist line of thinking antiquated. This group is said to be in favor of physical elimination in furthering its goals.

Recently, however, Mr. Lagman was quoted as saying modern-day communists are "trying to look for less bloody means toward a radical change in society." He denied he maintained his links with the ABB after he was captured and released due to lack of evidence.

Mr. Lagman said he and his comrades are planning to put up an international bank for workers. He added his group is setting up a law office to help defend the rights of laborers.

## FRONT

However, a ranking military intelligence official told **BUSINESS WORLD** the law office planned by the rebel leader is allegedly a "front" to infiltrate labor unions and take them away from the Kilusang Mayo Uno (KMU) [1 May Movement]. "Lagman's group is trying to get the sympathies of the labor sector," he claimed. He said intelligence reports gathered indicated the death of millionaire Leonardo Ty was one proof the ABB has infiltrated several labor groups. In fact, he said, KMU chief Crispin Beltran has cried foul over the death of Mr. Ty because he is already conscious of the threat from Mr. Lagman's group.

Sources from the police and the military said the communist leader is now under surveillance after some

ABB officials and members recently arrested implicated him in the recent spate of crimes against businessmen.

On the other hand, the CPP has reduced activities in urban center like Metro Manila to put emphasis on building up its forces in the countryside. "The party has deliberately reduced the existence and operations of armed city partisans in Metro Manila and some other cities to stress the need for development of the revolutionary armed struggle in the countryside," Mr. Liwanag said.

At present, the insurrectionists have the ire of the Ramos government particularly after their plot to assassinate more businessmen and government officials were discovered. Alleged ABB men were being arrested one after the other in a move to put an end to urban terrorism.

So far, the government is succeeding not only in "harassing" the ABB, but also in showing off superior intelligence capabilities, giving the impression that hit squad members are tied in such a short leash after all.

Meanwhile, government negotiators announced last week the resumption of talks with the NDF, saying the Europe-based communist leadership had agreed to return to the negotiating table after talks bogged down last October. This means that while the CPP is negotiating to solve the root causes of armed struggle in one hand, it is gearing up for a "people's war" on the other.

This leaves the government in doubt: Is the present leadership capable of implementing whatever peace agreement will be forged between the two panels?

## Thailand

### Chat Thai Deputy Leader Counters U.S. Charges

BK3012093595 Bangkok BANGKOK POST  
in English 30 Dec 95 p 1

[Unattributed report]

[FBIS Transcribed Text] Chat Thai deputy leader Watthana Atsawahem yesterday countered American drugs allegations against him which he said are contained in an 11-point paper.

Dismissing all of the points Mr Watthana said he countered the charges in a November 28 letter to Prime Minister Banhan Sinlapa-acha and the Thanat Khoman panel looking into the allegations, which America used to justify its refusal to grant him a visa.

He told a press conference he learnt of the allegations from a document prepared by Foreign Minister Kasemsamson Kasemsi and submitted to Mr Banhan and Mr Thanat's panel in October.



Details of the allegations were said to have been related verbally to M.R. Kasemsamoson in talks with Secretary of State Warren Christopher and five drug Enforcement Administration officials at the 50th United Nations General Assembly in September.

Mr Watthana claimed he was the victim of someone who did not want to see a reconciliation between Chat Thai leader Banhan and party advisory chairman Pol Gen [Police General] Praman Adireksan in which he was mediating.

Asserting the press knew who was behind the matter, Mr Watthana said America had the right to issue visas and refuse visas. "But such unfounded accusations have damaged my reputation."

The Samut Prakan MP said he was ready to assume a cabinet post when cleared of the allegations if Mr Banhan thought it appropriate.

Chat Thai had discussed a cabinet reshuffle, which members thought necessary, he said, but he would not seek to influence Mr Banhan.

Meanwhile, Deputy Prime Minister Sombun Rahong, also a Chat Thai deputy leader, said he would have no problem giving his cabinet post to Mr Watthana when the time came.

#### **SLORC Pressure on Burmese Opposition Viewed**

*BK0101073396 Bangkok THE NATION in English  
1 Jan 96 p A 4*

[Commentary by Aung Zaw]

[FBIS Transcribed Text] Last Sunday's warning to opposition groups by Lt Gen Khin Nyunt, Secretary One of the State Law and Order Restoration Council [SLORC], marks an ominous turn of events in Burma, analysts say.

In a national address, Lt Gen Khin Nyunt accused opposition leaders of trying to break the country apart at the behest of unidentified foreigners. "Adopted sons and daughters of the colonialists, under external influence, are attempting to cause the disintegration of the union and the loss of independence," he said. While it was obvious Khin Nyunt was referring to Aung San Suu Kyi, he did not mention her by name.

With his speech, Lt Gen Khin Nyunt joins several other senior military leaders who have come out recently to warn opposition groups. Two weeks ago Lt Gen Myo Nyunt and Lt Gen Tin U vowed to "annihilate" those who mar the interests of the nation. The warnings have raised the likelihood that Suu Kyi and top opposition leaders may soon find themselves in the dock.

"It is likely to happen," said Bertil Lintner, a leading Burma watcher based in Bangkok.

At the beginning of December Burmese dissidents were speculating that there would be of a political crackdown after the ASEAN Summit.

Senior Gen Than Shwe, Lt Gen Khin Nyunt and Foreign Minister Ohn Gyaw represented Burma at the summit, where it was made clear Burma could be a full ASEAN member by the year 2000.

One day after visiting military leaders told ASEAN leaders that their country is progressing towards an open market economy that would lead to democracy, Sein Hla Aung, 45, was arrested in Mandalay. Sein Hla Aung is member of Suu Kyi's party, the National League for Democracy [NLD]. He was arrested for allegedly distributing video tapes of Suu Kyi's speeches. Sein Hla Aung was previously detained in 1990. It was also learned that Tin U, one of the senior leaders of the NLD, was preparing his bags to go to prison. He was released in March of this year.

"It is not only U Tin U. Many other party members and Suu Kyi are ready to face the backlash," said one senior member of the NLD, which pulled out of the SLORC-sponsored National Convention in November. Hence, SLORC lost face as it has invested so much in it.

Win Min, a former university student now in Bangkok pleaded for the international community and human rights watchdogs to monitor the current developments in Burma.

"We have received information that inmates in Insein prison were transferred to upper Burma in order to make more room for newcomers," he said. If it is true SLORC is preparing to arrest some "destructive elements".

Since Suu Kyi's unexpected release earlier this year many people crossed their fingers hoping to see a historical handshake like the one that took place between the antagonists in the Middle East and South Africa. But Suu Kyi, who some have called Burma's Nelson Mandela, has found no Burmese de Klerk willing to work with her.

Suu Kyi, in the eyes of generals, is a "destructive element," a "traitor," "malcontent," and "adopted daughter of colonialists."

Suu Kyi's repeated requests for a dialogue with military leaders have been met with total silence. The door to dialogue is still shut.

Analysts recalled the two significant meetings between Suu Kyi and military leaders in 1994 while she was under house arrest. The meetings led to speculation that



there would be a power-sharing arrangement between the Suu Kyi-led opposition and the SLORC. Seemingly, the military leaders are not interested in sharing power.

"At the moment, they have the upper hand so dialogue is impossible," says a senior member of the student army, the All Burma Students' Democratic Front (ABSDF).

The current ruling junta is in a strong position and has gained confidence over the past two years. This year one SLORC minister attended the conference of the International Monetary Fund (IMF) in the United States.

Tokyo resumed its assistance to Burma in November. David Abel, minister for National Planning and Economic Development, said Burma had approved 160 foreign investment projects worth \$3 billion through October 31 this year.

The "Lady" at University Avenue has urged foreign investors to make a careful study on her country before they rush in with millions of dollars. She also expressed doubts over ASEAN's controversial constructive engagement policy with SLORC. But it seems as if ASEAN leaders and businessmen have ignored her too.

Ironically, businessmen from the East and West saw Suu Kyi's release as a golden opportunity to invest in the country as it opens up. Like it or not, military leaders have plans to stay in power. Ostensibly, they will continue to ignore Suu Kyi and the opposition. "They know they have many cards to play this game but Suu Kyi has none," said Zaw Min, a former university student from Mandalay. He said dialogue was impossible unless the junta is under pressure or pushed into a corner. But the question remains, then what? Will it be just another photo opportunity ceremony?

Recently, Karen rebels sent a delegation to Rangoon, prompting analysts to predict that within six months a cease-fire agreement will be reached between the two sides. Karen insurgents are the only armed group currently outside the "legal fold". If the Karens make a deal with SLORC it is commonly held that Burma's democracy groups will face a harder-line from the junta. "If the Karen go, they [SLORC leaders] are ready to knock down a peg or two," Zaw Min warned.

Since her release Suu Kyi has been increasingly marginalized. When she attempted last week to visit a Karen new year festival her car was intercepted and taken to military headquarters for a warning. It is a strong indication that she cannot leave her fortress. The military authorities still tolerate the Suu Kyi's weekend speeches at her gate but residents in Rangoon are asking how long that will last?

Unlike 1989, Suu Kyi has declined to respond to the junta's accusations and warnings this time. As the military leaders ignore her, she has done the same except for her repeated calls for a dialogue.

One veteran reporter in Rangoon said: "We hear nothing about a possible dialogue, when we read the newspaper it seems as though the officials are getting tough. She enjoys talking to them, people like to listen to what she says," said the reporter. He stressed more people are coming to listen to Suu Kyi's speeches each week.

This week more people will be coming because people want to listen to her new year speech he said. The year of 1995 is almost over. As the military leaders ignore her Suu Kyi is going her way.

## Vietnam

### Do Muoi Urges Industrialization Work

BK0101154096 Hanoi Voice of Vietnam Network  
in Vietnamese 1100 GMT 30 Dec 95

[FBIS Translated Text] Party General Secretary Do Muoi held working sessions on 27-28 December with basic party organizations in Tan Nghia Village, Hung Ha District, Thai Binh Province; Toan Thang Village, Tu Loc District, Hai Hung Province; and Tan Phu Village, An Hai District, Haiphong Municipality. This was to provide guidance in organizing party organization congresses at various levels.

Through these working sessions, General Secretary Do Muoi noted that the reports prepared by these basic party organizations carry ample details of their efforts to implement national industrialization and modernization, especially in agricultural and rural industrialization.

General Secretary Do Muoi urged various basic party organizations to stress the objectives of agricultural and rural industrialization at their congresses. The formulation of plans should be carried out seriously, while avoiding the tendency of performing this task just for the sake of form. Efforts must be made to thoroughly understand party objectives in agricultural and rural industrialization. This is a very important and urgent task; basic party organizations must map out a plan in order to complete it. Basic party organizations must strive to restore or build agricultural cooperatives and to use them as a base for implementing national industrialization and modernization.



**Government Holds Year-End News Conference**

*BK2912154595 Hanoi Voice of Vietnam Network  
in Vietnamese 1100 GMT 29 Dec 95*

[Report on news conference by Government Office Minister Le Xuan Trinh's on 29 December at Government Guest House in Hanoi]

[FBIS Translated Text] Dear friends; This afternoon, 29 December, at the Government Guest House in Hanoi, Government Office Minister Le Xuan Trinh held a year-end news conference to announce the government's evaluation of the implementation of the plans for 1995 and the major plans and tasks for 1996, especially the tasks for the first quarter of the new year and the upcoming Tet Binh Ty [New Year of the Rat] Festival.

Attending the year-end news conference were directors general, editors-in-chief, and directors of news agencies, papers, radio and television networks at central level as well as of Hanoi, Haiphong, Ha Bac, Hat Tay, Vinh Phu, Hai Hung, Nam Ha, Ninh Binh, Hoa Binh, Bac Thai, Thanh Hoa, Quang Ninh, and Nghe An.

At the news conference Minister Le Xuan Trinh announced the government's evaluation of the implementation of the 1995 plans and tasks, especially in some core areas. The minister said:

[Begin Le Xuan Trinh recording] Domestic products are still maintaining a growth rate of 9.5 percent. However, looking at the picture in more detail, for some concrete targets we are now performing even better than the last time the government reported to the National Assembly. The annual food production output was then envisaged at 27 million tonnes, but the Statistics General Department has now reported to the government a figure of 27.5 million tonnes. Aquatic products output was reported to the National Assembly at 1.026 million tonnes; this should now be adjusted to 1.4 million tonnes. In industry, coal production output was reported at 6.4 million tonnes, whereas the figure is now 7.6 million tonnes.

Also in industry there are some targets that have been under-achieved, as compared with the expected targets reported to the National Assembly; some have even decreased significantly. One example includes steel sheet production. We reported to the National Assembly an output of 550,000 tonnes, but the final statistics now show an output of only 380,000 tonnes. Sugar of various types was reported at 600,000 tonnes, but the updated figure is now only 393,000 tonnes. Fabrics were envisaged at 278 million meters but have only reached 220 million meters.

Generally speaking, total domestic production is maintaining a development rate of 9.5 percent, with varia-

tions on this rate in some components. Another noteworthy index is the retail price index, or inflation rate. When the government reported to the National Assembly, we were quite conservative in saying that in 1995 the inflation rate would be lower than that of 1994, and we would try to maintain it at 14 or 15 percent. This December the index was 0.3 percent, and I am delighted to report to you, comrades, that for the whole year, the price index increase, or inflation rate, is only 12.7 percent. [end recording]

Minister Le Xuan Trinh also reported that the salient feature of government administration in 1995 is that the government not only paid its utmost attention to economic development, but also to all other fields, such as culture, education, public health, security and national defense, and, especially, economic development programs for mountain and remote regions, such as Program No. 327, the program to eliminate hunger and reduce poverty, programs to prevent and control social vices and malnutrition, the construction of boarding schools for minority ethnic students, and so forth.

Regarding external diplomatic and external economic activities in 1995, many encouraging results were recorded. We have obtained support from many countries in the world and attracted more foreign investment. The government has conducted further reforms on the administration mechanism, such as reorganizing a number of ministries and reducing the number of middle-range agencies. The reforms received wide support from the people.

In the restoration of social disciplines, the government has been resolute in the banning of the production, trafficking, and use of firecrackers; the handling of illegal land encroaching on the Yen Phu, Nhat Tan, and Tu Liem dikes; and the first stage of the restoration of urban traffic order.

Looking back at the year, although much effort has been exerted by the government in its administration and guidance tasks, which have brought encouraging results in many fields, especially in the restraint of the inflation rate, the government has also critically examined its weaknesses. Minister Le Xuan Trinh said:

[Begin Le Xuan Trinh recording] The first point that the government needs to criticize is the organization of the implementation of the resolutions and decisions. This is still a weakness and it has resulted in a lower level of efficiency. We have to say that the organization of implementation is one of the weaknesses.

We can look back at the documents that the government issued during the year and see that they were overdue and lacked uniformity. Some sectors and localities did



not pay proper attention to speeding up and supervising the implementation of programs. There are still rampant indications of people acting on their own will, avoiding responsibility, and responding too slowly. I take one example, on which you, comrades, from the mass media have contributed many opinions, that is, the clearance of public roads in the case of transporting containers. The matter should have been solved in one or two days, but then many discussion sessions between various sectors were held, causing the problem to drag on for about a month. From the day the press raised the issue until it was resolved, one month elapsed. The government realized that such a method of working is too slow. [end recording]

Apart from the weaknesses mentioned by Minister Le Xuan Trinh, the government also conducted self-criticism in other weak areas, such as the under-collection of state revenue, the soaring price hike in the first six months of the year, the backwardness of the accounting methods in business establishments, slow reforms in national administration system, some illogical aspects of government operations, cumbersome administrative procedures, unsatisfactory coordination among sectors, and especially the rich-poor diversity in social and award policies. Earnings and bonuses in some sectors such as oil and gas, banking, aviation, and tourism are still higher than in others.

Regarding government plans and programs for 1996, Minister Le Xuan Trinh revealed that in 1996, the government will conduct six major programs, with the immediate tasks being: reforms in the financial and monetary system in order to increase budget revenue; improvements in the tax collection system; the strengthening of market management functions; price stability; and inflation restraint to keep the rate either equal or lower than that of 1995.

On the culture and education development program, the government will pay special attention to the development of the radio and television networks and will change the names of and unify a number of press management agencies.

On the external affairs program, the development plan of 1995 will be continued. Administrative procedures will be actively reformed, and foreign investment will be encouraged to look at programs to eliminate hunger and reduce poverty. Nonstate economic sector will be developed, and programs to prevent and control social vices will be intensified.

After outlining the six major plans for 1996, Minister Le Xuan Trinh also explained a number of urgent future measures for the plan for the first quarter of the year, with the determination that the first quarter will start

a new spirit and will witness successes right from the first month, greeting the upcoming party congresses at all levels.

The government will strive to regulate the demand-supply balance in order to stabilize prices, and not allow a price hike, as the one in first six months of 1995, to reoccur. Fifteen days before and after Tet Festival, taxes on single-trip trading will be exempted, as a contribution to the people's enjoyment of Tet.

Regarding imports and exports, the government will strive to maintain the balance between imports and exports, reduce the rate of the budget deficit, and issue timely measures on monetary system management, including steps on the issuing of money to money circulation, in order to avoid monetary pressure on markets, which usually occurs during the first few months of each year.

#### Nation's Economic Progress Analyzed

BK0201034596 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 2 Jan 96 p 1

[Report by Atchara Atchayakachat: "Vietnam Wins Praise For Reform Drive"]

[FBIS Transcribed Text] Vietnam completes its first decade of market-economy reforms this year, after turning a strategic corner in 1995.

It joined the Association of Southeast Asian Nations [ASEAN] on July 28 after restoring normal diplomatic ties with the United States on July 11 and signing a trade framework agreement with the European Union in June.

The Communist Party's efforts to establish a market economy under doi moi (renovation) have yielded good results, yet "a little stronger effort" is required, according to Bradley Babson, World Bank representative in Vietnam.

The donor community late last year praised Vietnam's macro-economic growth, in particular its efficient anti-inflation measures in the last six months.

The World Bank predicts Vietnam will aim for nine percent economic growth this year with lower inflation than in 1995.

The government handled the budget deficit problem well and the 1996 budget approved by the National Assembly appeared reasonable, Mr. Babson said. The current-account deficit appeared to have eased with the flow of foreign investment and was acceptable.

With the government's determination to implement infrastructure and development projects, such as the



restoration of Highway One, the north-south transport artery, official development assistance would strengthen Vietnam's performance, he said.

The Communist Party hopes to chart the course of Vietnam's reforms into the next century at its eighth congress scheduled for mid-June. The congress is held every five years.

In a prelude to this political soul-searching, Vietnam last year succeeded in shedding the shroud of war that had wrapped the country for more than three decades.

At its seventh congress in 1991, Vietnam decided to broaden its international ties, discarding the previously-held line of "special relations" with socialist countries.

Vietnam's membership of ASEAN, a group opposed to communism, and normalisation of ties with the United States, drew warnings from hardline communist elements who feared losing control of the country.

"They feared U.S. influences in the name of democratisation might jeopardise the one-party system," said a Vietnamese scholar, who asked not to be named.

The concerns were raised strongly last week in a front-page commentary in the army daily QUAN DOI NHAN DAN, which warned the United States was seeking to undermine Hanoi's communist leadership through "peaceful evolution".

However, the more liberal wing of the Communist Party's politburo realises change is inevitable.

"The only similar view they share together is that economic reform must proceed with the existence of maverick socialism," the source said.

Benefits from normalising ties with the United States outweigh disadvantages. Vietnam has access to the world's largest market, a factor in the prosperity of other ASEAN economies.

Hanoi looks forward to American investment to balance the inflow of funds from Asian countries including Taiwan, South Korea and Japan which have been quick to establish business ties with Vietnam.

Apart from strengthening Hanoi's position in relation to superpowers such as the United States and China, ASEAN can become Vietnam's backyard market of 400 million people. Apart from Vietnam, ASEAN groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

But there is a price Vietnam must pay. Since the visit to Hanoi last August by U.S. Secretary of State Warren Christopher the two countries have not been able to reach a trade agreement enabling Vietnam to have most-

favoured nation status — an open ticket to the U.S. market.

A two-way trade agreement must be signed before financing from organisations such as the Overseas Private Investment Corp, Commodities Credit Corp and Eximbank can be extended to American investors in Vietnam.

Vietnam knows there is no clear dividing line between politics and economics in ties with the United States.

"It takes patience and political will," Foreign Minister Nguyen Manh Cam said of the trade agreement negotiations.

Vietnam faces pressures not only from the United States and other countries, but also from inside to modernise its legal system and price and foreign exchange controls, and to ease import-export licensing rules and other barriers.

Vietnam's obligations under the ASEAN Free Trade Area (AFTA) are likely to encourage bold reforms, according to some observers.

"Before joining ASEAN, we had no clue what would happen. But once there, we realised that all ASEAN meetings at different levels discussed practical issues relating to cooperation," Prime Minister Vo Van Kiet told the local press on his return from the ASEAN summit in Bangkok last month.

Trade Minister Le Van Triet said Vietnam was tackling its ASEAN membership obligation with a "give and take" attitude. In return for painful adjustments to open up and harmonise its own market with that of ASEAN, Vietnam would be able to capitalise on an ASEAN common market.

Vietnam could enlist support from ASEAN members for its application to join the Asia Pacific Economic Cooperation group and the World Trade Organisation.

The minister conceded that working within AFTA would spur modernisation of Vietnam's legal system with a clear timetable.

Twenty countries and six international organisations pledged Vietnam loans totalling US\$2.3 billion last year.

Vietnam is getting more official development assistance despite an overall decline in such aid worldwide. This is seen as an endorsement of the country's market-economy policy.

This year, apart from legal amendments on value-added tax, personal income and corporate tax, Vietnam has to look at the question of land use rights which are



considered a major barrier to several businesses as land cannot be used as collateral.

State agencies need to be empowered to fight corruption and abuses of power, economist Le Dang Doanh wrote in the VIETNAM ECONOMIC TIMES.

On the social front, the government has made clear it wants to re-establish order and security to create a civilised society. A traffic law will be introduced and entertainment establishments such as nightclubs and karaoke bars will have to observe rules on operating hours.

#### **Communist Party Delegation Visits Laos**

BK3012091795 Hanoi VNA in English  
0531 GMT 30 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 29—A delegation of the Communist Party of Vietnam [CPV] Central Committee's Commission for Ideology and Culture led by its head, Mr. Ha Dang, paid a working visit to Laos from Dec. 21-28.

The visit was made at the invitation of the Lao People's Revolutionary Party [LPRP] Central Committee's Commission for Information and Training.

During the visit, the Vietnamese delegation had a working session with the host commission led by its head, Osakan Thammatheva, who is also a member of the LPRP central committee and Lao minister for information and culture.

The two sides informed each other of their activities, exchanged views on personnel training in service of the economic development in the recent renovation process. They also reviewed their cooperation activities in 1995 and discussed a bilateral cooperation programme for 1996.

The Vietnamese delegation paid a courtesy visit to Khamphoui Keoboulapha, deputy prime minister and chairman of the Committee for Planning and Cooperation of Laos on Dec. 27.

The Lao deputy P.M. welcomed the visit which aimed to promote the special friendship and comprehensive cooperation between the two countries. He also expressed his wish that the fruitful bilateral cooperation including that of ideological and cultural ties would further develop for the development of each country.

A cooperation agreement was signed the same day between the CPV Central Committee's Commission for Ideology and Culture and the LPRP Central Commission for Information and Training for 1996.

The Vietnamese guests also called on a number of economic and cultural establishments in Vientiane and Luang Prabang.

#### **Price Increase Keeps Inflation Above 10 Percent**

BK2912131695 Hanoi VNA in English  
1253 GMT 29 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 29 — Vietnam saw a price increase of about 13 percent this year which has made it impossible to keep inflation below the goal of 10 percent.

While the price of US dollar and gold remained stable, the sharpest increases were recorded in the costs of food (19.3 percent) and construction materials (18.1 percent). The highest hike was registered in the capital city, Hanoi, with an average figure of 14.8 percent. Meanwhile, the GDP growth rate of the year is reported to have reached 9.5 percent.

The situation is attributed to an imbalance of supply and demand relationships for a number of essential goods and commodities, insufficient management of some concerned bodies and natural calamities and changes in the world market.

In order to keep the 1996 price hike equal or below that of 1994 (14-14.5 percent) and that of 1995 (13 percent), the government has approved a number of measures, such as adjusting exports and imports with a view to ensuring a supply and demand balance, ameliorating monetary policy, applying a production incentive policy, and making the prices of a number of commodities in the domestic market commensurate with those of the markets in other ASEAN countries.

#### **'Bank for Poor' Inaugurated in Hanoi**

BK2912130295 Hanoi VNA in English  
1233 GMT 29 Dec 95

[FBIS Transcribed Text] Hanoi VNA Dec. 29 — The Bank for the Poor was officially opened here on Dec. 27 in the presence of Vice State President Nguyen Thi Binh, Deputy Prime Minister Phan Van Khai, and Deputy National Assembly Chairman Nguyen Ha Phan.

The bank, a (?special) credit and non-profit organisation of the government, has registered capital of VND [Vietnamese dong] 500 billion (roughly USD [U.S. dollars] 4.6 million) allocated by the government. It is different to other banking institutions due to its low interest loan rate.

In order to facilitate its operation, the bank is exempted from revenue and capital taxes and will be compensated for its risks in force majeure cases.



Addressing the opening ceremony, Deputy Prime Minister Phan Van Khai stressed that the bank must define its main customers as the poor living in underprivileged areas, so the bank's staff should provide their customers with services in an enthusiastic and wholehearted manner.

The bank must work out proper measures to increase its capital and follow management regulations of the state, and loans must be given to the right person for the right purpose. In order to raise its efficiency, the bank should reduce its operating costs, thus easing difficulties of the poor.

#### **Catholic Solidarity Committee Holds Session**

*BK2912131195 Hanoi VNA in English  
1253 GMT 29 Dec 95*

[FBIS Transcribed Text] Hanoi VNA Dec. 29 — The Committee for Solidarity of Vietnamese Catholics held its fifth plenary session in Hanoi on Thursday [28 December] to determine its tasks for next year. The conference also elected Priest Vuong Dinh Ai as president of the committee to replace Priest Nguyen Thai Ba who passed away a month ago.

A report reviewing the task of the committee this year said that in all parts of the country Vietnamese Catholics have taken an active part in the implementation of the government's policies as well as exercising their obligations and interests as Vietnamese citizens. Tens of thousands of Catholics have studied new legal documents such as the Land Law, Law on the People's

Council Election, Law on Military Obligation, Civil Code, etc.

"A growing number of Catholics has been involved in various mass organisations and the people-elected bodies at all levels, many Catholics have made contributions to building and realising the state's policy," the report stressed. It added that advanced technology and farming techniques have been introduced to many rural regions inhabited by Catholic believers to boost production and a great deal of Catholic people have been enrolled in humanitarian movements such as "Poverty Alleviation", "Help for People Who Have Rendered Services to the Nation" as well as donations to natural calamity victims, etc.

Regarding the 1996 tasks, the report said "efforts should be continued to mobilise the Catholic people to engage in carrying out all social and economic policies of the central and local governments. Catholics will be encouraged to continue being involved in different humanitarian movements and to contribute to educational, cultural, health care and social relief activities as well as anti-social evil drives."

Addressing the conference, Mr. Vu Oany, party Politburo member, stressed that the role, responsibility and contribution of millions of Vietnamese Catholics, including archbishops, bishops, priests, clergymen and Catholic people needed to be affirmed and fully developed.



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